

MISSISSIPPI

Single Audit Report

For the Year Ended June 30, 2000



The Mississippi Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2000

has been issued as a separate document.

OFFICE OF THE STATE AUDITOR
PHIL BRYANT, AUDITOR

(This page left blank intentionally.)



State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

March 21, 2001

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2000. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the thirteenth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 1999 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2000.

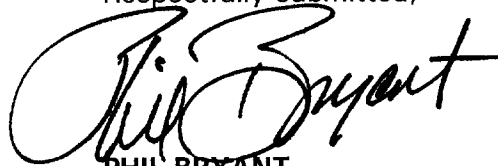
The Governor, Members of the Legislature
and Citizens of the State of Mississippi
Page 2

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2000 has been issued and is available electronically at <http://msonline.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

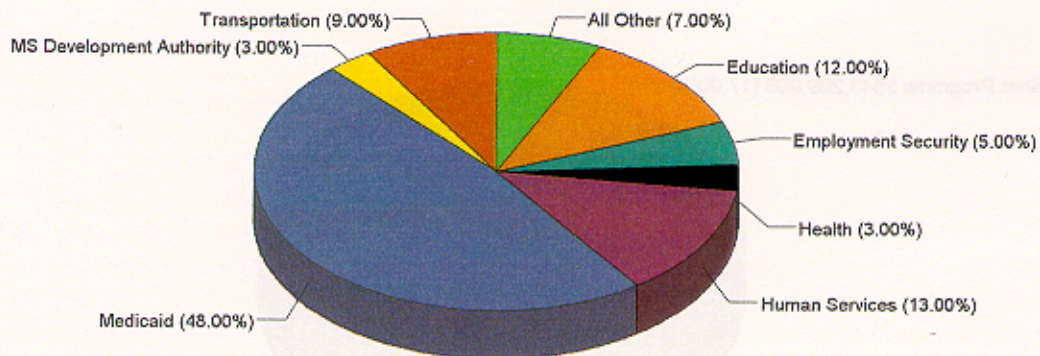


PHIL BRYANT
State Auditor

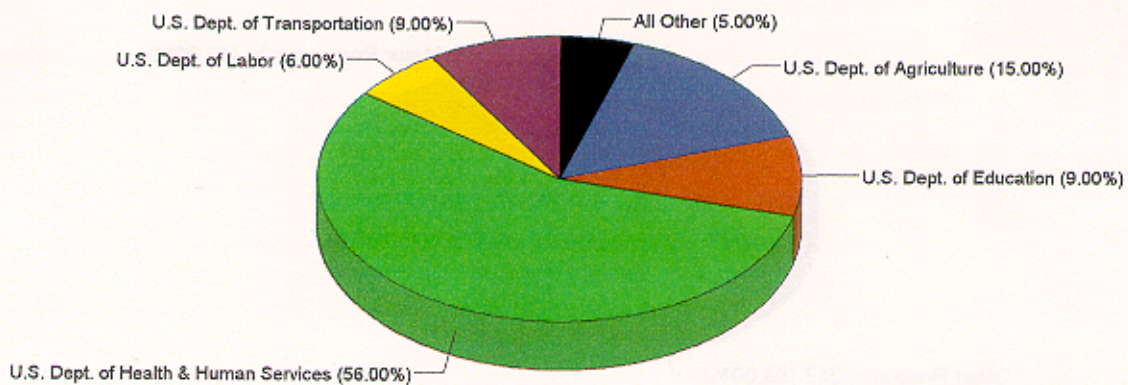
STATE OF MISSISSIPPI

Fiscal Year 2000

Expenditures of Federal Awards by State Grantee Agency



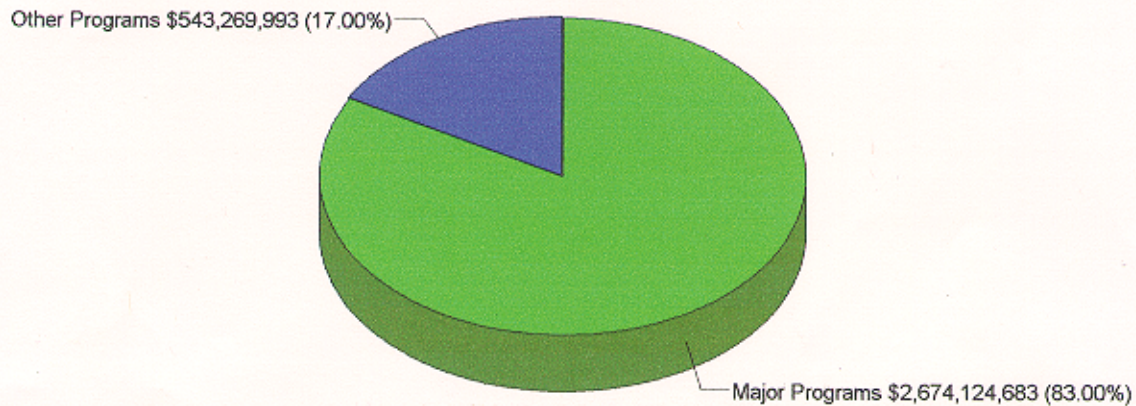
Expenditures of Federal Awards by Federal Department



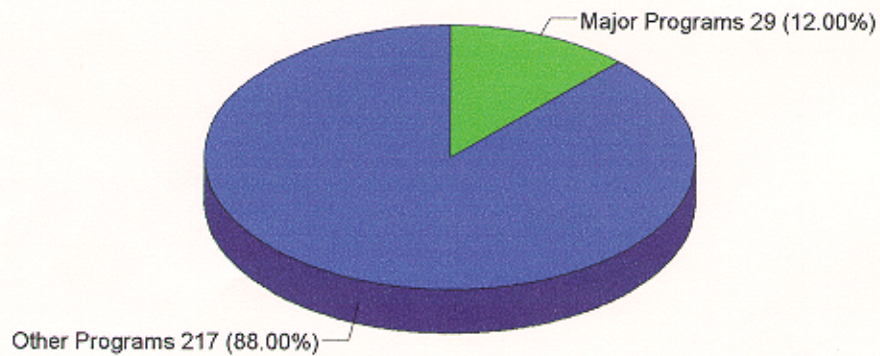
STATE OF MISSISSIPPI

Fiscal Year 2000

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$3,217,394,676



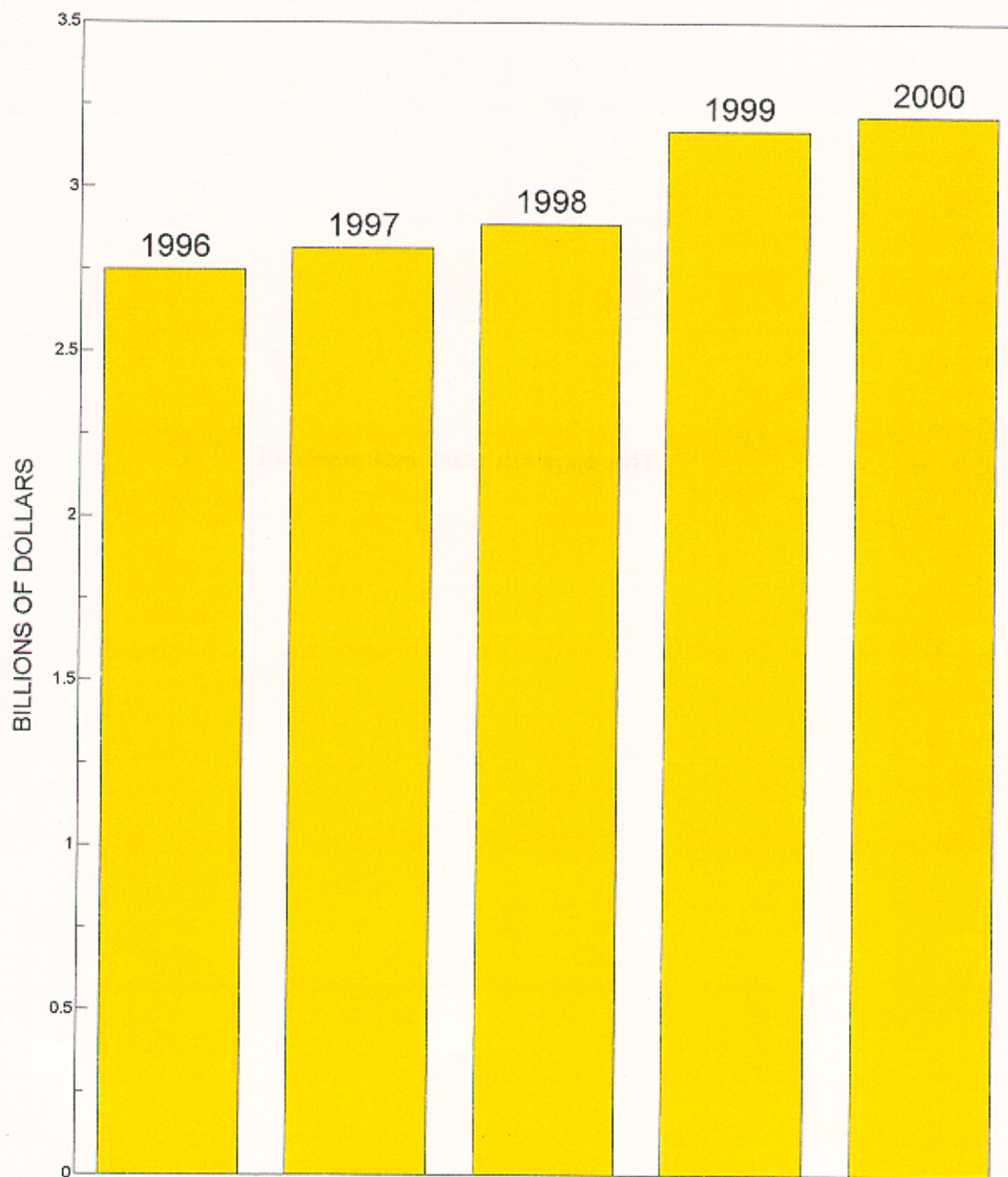
Percentage of Major Program Assistance
246 Programs



STATE OF MISSISSIPPI

Total Federal Financial Assistance

Last Five Fiscal Years



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2000

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| I. AUDIT REPORTING: | |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 5 |
| Schedule of Expenditures of Federal Awards by Federal Department | 9 |
| Schedule of Expenditures of Federal Awards by State Grantee Agency | 21 |
| Notes to the Schedules of Expenditures of Federal Awards | 35 |
| Schedule of Findings and Questioned Costs: | |
| Part 1 - Summary of Auditor's Results | 43 |
| Part 2 - Financial Statement Findings | 47 |
| Part 3 - Federal Award Findings and Questioned Costs | 51 |
| II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS: | |
| Instructions to Management | 97 |
| Index Listed by Finding Number | 99 |

STATE OF MISSISSIPPI
Table of Contents (concluded)

| | <u>Page</u> |
|---|--------------------|
| Index Listed by State Grantee Agency | 101 |
| Summary Schedules of Prior Federal Audit Findings (Categorized by State Grantee Agency) | 103 |
| III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS: | |
| Instructions to Management | 127 |
| Management Responses and Corrective Action Plans (Categorized by State Grantee Agency) | 129 |
| IV. INDICES: | |
| Index of Federal Award Findings and Questioned Costs Listed by Federal Department | 177 |
| Index of Findings and Recommendations Listed by State Grantee Agency | 179 |
| Index of Findings and Recommendations Listed by Finding Number | 181 |
| Index of Management Responses and Corrective Action Plans Listed by State Grantee Agency | 183 |
| V. ACKNOWLEDGMENTS | 185 |

I. AUDIT REPORTING





State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2000, and have issued our report thereon dated December 4, 2000. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 45% and 35% of the assets and revenues, respectively, of the expendable trust funds; and 47% and 55% of the assets and revenues, respectively, of the enterprise funds. These financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, and these expendable trust and enterprise funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's general purpose financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 2

Except for university funds, we did not perform tests of compliance with laws, regulations, contracts and grants for the component units of the state. We also did not perform such tests of compliance for the pension trust funds and certain expendable trust and enterprise funds. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the component units other than university funds, pension trust funds, and certain expendable trust and enterprise funds, was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to component units other than university funds, pension trust funds, and certain expendable trust and enterprise funds, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the university funds which will be presented in a separate report issued by the Office of the State Auditor.

We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions we noted are described on pages 49 and 50 of the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings."

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described in this letter are not material weaknesses.

We and the other auditors also noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Mississippi in separate communications.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 4, 2000

(This page left blank intentionally.)



State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Governor, Members of Legislature
and Citizens of the State of Mississippi

Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following two paragraphs, we conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi or the Mississippi Authority for Educational Television. The audit of these federal programs will be conducted in accordance with the provisions of OMB Circular A-133, and separate reports will be issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 2

As described in item 00-4 (page 61) in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs," the State of Mississippi did not comply with requirements regarding the special tests and provisions that are applicable to its HOME Investment Partnerships program. Compliance with such requirements is necessary, in our opinion, for the State of Mississippi to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2000. We did not test the transactions and records of the major federal programs administered by the state's public universities or the Mississippi Authority for Educational Television for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 00-5 (page 90), 00-6 (page 91), 00-7 (page 92), and 00-30 (page 79).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities and the Mississippi Authority for Educational Television as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 51 through 96 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider none to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

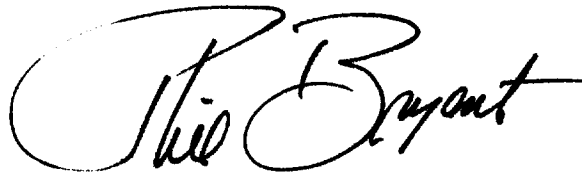
Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2000, and have issued our report thereon dated December 4, 2000. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. Those financial statements, which represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 45% and 35% of the assets and revenues, respectively, of the expendable trust funds; and 47% and 55% of the assets and revenues, respectively, of the enterprise funds. These financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds and these expendable trust and enterprise funds, is based solely upon the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities and the Mississippi Authority for Educational Television from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities and the Mississippi Authority for Educational Television will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports will be issued.

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the general purpose financial statements of the State of Mississippi and on certain component units, pension trust funds, and certain expendable trust and enterprise funds, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the general purpose financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effect of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
January 26, 2001, except for the Schedule of Expenditures of Federal Awards,
as to which the date is December 4, 2000.

Schedule of Expenditures of Federal Awards by Federal Department



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| <u>CFDA Number</u> | <u>Federal Department/Program Name</u> | <u>State Grantee Agency</u> | <u>Federal Expenditures/ Distributions/ Issuances</u> |
|---|--|----------------------------------|---|
| OFFICE OF NATIONAL DRUG CONTROL POLICY | | | |
| 07. UN | High Intensity Drug Trafficking Area | Narcotics | \$ 276,059 |
| TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY | | | 276,059 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| 10. 025 | Plant and Animal Disease, Pest Control, and Animal Care | Plant Industry /Animal Health | 164,245 |
| 10. 064 | Forestry Incentives Program | Forestry Commission | 177,611 |
| 10. 163 | Market Protection and Promotion | Plant Industry | 84,066 |
| 10. 475 | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | Agriculture and Commerce | 1,736,676 |
| 10. 550@ | Food Distribution | Education | 10,940,614 |
| 10. 557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Health | 54,358,031 |
| 10. 558 | Child and Adult Care Food Program | Education | 21,921,530 |
| 10. 560 | State Administrative Expenses for Child Nutrition | Education | 1,972,103 |
| 10. 564 | Nutrition Education and Training Program | Education | 8,350 |
| 10. 570 | Nutrition Program for the Elderly (Commodities) | Human Services | 1,865,084 |
| 10. 572 | WIC Farmers' Market Nutrition Program (FMNP) | Agriculture and Commerce | 46,812 |
| 10. 664 | Cooperative Forestry Assistance | Forestry Commission | 1,525,646 |
| 10. 761 | Technical Assistance and Training Grants | Employment Security | 10,281 |
| 10. 769 | Rural Development Grants | Agribusiness Council | 72,500 |
| 10. 950 | Agricultural Statistics Reports | Agriculture and Commerce | 110,371 |
| SUBTOTAL | | | 94,993,920 |
| Food Stamp Cluster | | | |
| 10. 551@ | Food Stamps | Human Services | 225,420,111 |
| 10. 561 | State Administrative Matching Grants for Food Stamp Program | Human Services | 22,585,824 |
| Total Food Stamp Cluster | | | 248,005,935 |
| Child Nutrition Cluster | | | |
| 10. 553 | School Breakfast Program | Education | 29,807,321 |
| 10. 555 | National School Lunch Program | Education | 96,869,140 |
| 10. 556 | Special Milk Program for Children | Education | 10,692 |
| 10. 559 | Summer Food Service Program for Children | Education | 3,707,946 |
| Total Child Nutrition Cluster | | | 130,395,099 |
| Emergency Food Assistance Cluster | | | |
| 10. 568 | Emergency Food Assistance Program (Administrative Costs) | Human Services | 616,213 |
| 10. 569@ | Emergency Food Assistance Program (Food Commodities) | Human Services | 3,722,803 |
| Total Emergency Food Assistance Cluster | | | 4,339,016 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 477,733,970 |

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| <u>CFDA Number</u> | <u>Federal Department/Program Name</u> | <u>State Grantee Agency</u> | <u>Federal Expenditures/ Distributions/ Issuances</u> |
|--|--|--|---|
| <u>U.S. DEPARTMENT OF COMMERCE</u> | | | |
| 11. 407 | Interjurisdictional Fisheries Act of 1986 | Marine Resources | 67,156 |
| 11. 419 | Coastal Zone Management Administration Awards | Marine Resources | 763,305 |
| 11. 420 | Coastal Zone Management Estuarine Research Reserves | Marine Resources | 131,454 |
| 11. 434 | Cooperative Fishery Statistics | Marine Resources | 83,347 |
| 11. 452 | Unallied Industry Projects | Marine Resources | 67,596 |
| 11. 454 | Unallied Management Projects | Marine Resources | 48,979 |
| 11. 477 | Fisheries Disaster Relief | Marine Resources | 147,972 |
| 11. 552 | Technology Opportunities | Education | 193,150 |
| 11. 800 | Basic Minority Business Development Centers | MS Development Authority | 40,318 |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | <u>1,543,277</u> |
| <u>U.S. DEPARTMENT OF DEFENSE</u> | | | |
| 12. AAD | National Guard Special Military Operations and Projects | Military Department | 2,617,038 |
| 12. AAF | National Guard Civilian Youth Opportunities Pilot Program | Military Department | 2,809,517 |
| 12. UN @ | Transfer of Excess Personal Property for Counter-Drug Activities | Finance and Administration | 156,450 |
| 12. UN1 | Teacher and Teacher's Aide Placement Assistance Program | Education | 157,618 |
| 12. UN2 | Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW01391543S, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S) | Wildlife, Fisheries and Parks | 1,420,477 |
| 12. 113 | State Memorandum of Agreement Program for the Reimbursement of Technical Services | Environmental Quality | 83,872 |
| 12. 400 | Military Construction, National Guard | Military Department | 5,237,457 |
| 12. 401 | National Guard Military Operations and Maintenance (O&M) Projects | Military Department | 23,366,352 |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | <u>35,848,781</u> |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| 14. 169 | Housing Counseling Assistance Program | Human Services | 901 - |
| 14. 228 | Community Development Block Grants/State's Program | MS Development Authority | 39,896,946 |
| 14. 231 | Emergency Shelter Grants Program | MS Development Authority /Human Services | 1,306,857 |
| 14. 239 | HOME Investment Partnerships Program | MS Development Authority | 14,281,873 |
| 14. 241 | Housing Opportunities for Persons with AIDS | Health | 115,399 |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>55,600,174</u> |
| <u>U.S. DEPARTMENT OF THE INTERIOR</u> | | | |
| 15. FFB | Coastal Wetlands and Sportfish Educational Activities | Wildlife, Fisheries and Parks | 9,180 |
| 15. 250 | Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | Environmental Quality | 95,866 |
| 15. 612 | Endangered Species Conservation | Wildlife, Fisheries and Parks | 221,658 |
| 15. 614 | Coastal Wetlands Planning, Protection and Restoration Act | Marine Resources | 184,767 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|--|--|--------------------------------|---|
| 15. 616 | Clean Vessel Act | Marine Resources | 16,855 |
| 15. 808 | U.S. Geological Survey-Research and Data Acquisition | Environmental Quality | 67,346 |
| 15. 810 | National Cooperative Geologic Mapping Program | Environmental Quality | 9,880 |
| 15. 904 | Historic Preservation Fund Grants-In-Aid | Archives and History | 485,467 |
| 15. 916 | Outdoor Recreation-Acquisition, Development and Planning | Wildlife, Fisheries and Parks | 87,903 |
| SUBTOTAL | | | 1,178,922 |
| Fish and Wildlife Cluster | | | |
| 15. 605 | Sport Fish Restoration | Marine Resources | 3,561,154 |
| | | /Wildlife, Fisheries and Parks | |
| 15. 611 | Wildlife Restoration | Wildlife, Fisheries and Parks | 3,010,211 |
| Total Fish and Wildlife Cluster | | | 6,571,365 |
| TOTAL U.S. DEPARTMENT OF THE INTERIOR | | | 7,750,287 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| 16. UN | Domestic Cannabis Eradication/Suppression Program | Narcotics | 342,792 |
| 16. 523 | Juvenile Accountability Incentive Block Grants | Public Safety | 17,734 |
| 16. 540 | Juvenile Justice and Delinquency Prevention-Allocation to States | Public Safety | 657,119 |
| 16. 547 | Victims of Child Abuse | Public Safety | 62,512 |
| 16. 549 | Part E-State Challenge Activities | Public Safety | 67,617 |
| 16. 554 | National Criminal History Improvement Program (NCHIP) | Public Safety | 806,165 |
| 16. 560 | National Institute of Justice Research, Evaluation, and Development Project Grants | Public Safety | 20,344 |
| 16. 575 | Crime Victim Assistance | Public Safety | 2,746,381 |
| 16. 576 | Crime Victim Compensation | Finance and Administration | 288,750 |
| 16. 579 | Byrne Formula Grant Program | Public Safety | 5,674,016 |
| 16. 586 | Violent Offender Incarceration and Truth in Sentencing Incentive Grants | Corrections | 7,701,569 |
| 16. 588 | Violence Against Women Formula Grants | Public Safety | 1,594,420 |
| 16. 589 | Rural Domestic Violence and Child Victimization Enforcement Grant Program | Public Safety | 216,206 |
| 16. 592 | Local Law Enforcement Block Grants Program | Public Safety | 115,887 |
| 16. 593 | Residential Substance Abuse Treatment for State Prisoners | Public Safety | 230,671 |
| 16. 598 | State Identification Systems Grant Program | Public Safety | 112,251 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | 20,654,434 |
| U.S. DEPARTMENT OF LABOR | | | |
| 17. UN | State Occupational Information Coordinating Committee(SOICC) | MS Development Authority | 116,712 |
| 17. UN2 | Job Corps | Employment Security | 890,238 |
| 17. 002 | Labor Force Statistics | Employment Security | 641,396 |
| 17. 005 | Compensation and Working Conditions | Health | 15,393 |
| 17. 203 | Labor Certification for Alien Workers | Employment Security | 68,250 |
| 17. 225# | Unemployment Insurance | Employment Security | 137,614,394 |
| 17. 235 | Senior Community Service Employment Program | Human Services | 933,658 |
| 17. 245 | Trade Adjustment Assistance-Workers | Employment Security | 577,583 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|--|--|-------------------------------|---|
| 17. 249 | Employment Services and Job Training Pilots-Demonstrations and Research | Education | 3,953,602 |
| 17. 255 | Workforce Investment Act | MS Development Authority | 307,246 |
| 17. 504 | Consultation Agreements | Health | 17,556 |
| 17. 600 | Mine Health and Safety Grants | Environmental Quality | 38,839 |
| SUBTOTAL | | | 145,174,867 |
| Employment Services Cluster | | | |
| 17. 207 | Employment Service | MS Development Authority | 7,277,487 |
| 17. 801 | Disabled Veterans' Outreach Program (DVOP) | /Employment Security | 575,332 |
| 17. 804 | Local Veterans' Employment Representative Program | Employment Security | 1,153,970 |
| Total Employment Services Cluster | | | 9,006,789 |
| JTPA Cluster | | | |
| 17. 246 | Employment and Training Assistance-Dislocated Workers | MS Development Authority | 11,316,986 |
| 17. 250 | Job Training Partnership Act | MS Development Authority | 23,854,787 |
| Total JTPA Cluster | | | 35,171,773 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | 189,353,429 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| 20. UN1 | Fatal Analysis Reporting System | Public Safety | 58,753 |
| 20. UN2 | Roadside Fuel Sampling | Agriculture and Commerce | 533 |
| 20. 005 | Boating Safety Financial Assistance | Wildlife, Fisheries and Parks | 394,677 |
| 20. 106 | Airport Improvement Program | Transportation | 62,966 |
| 20. 218 | National Motor Carrier Safety | Public Service Commission | 1,066,915 |
| 20. 219 | Recreational Trails Program | Wildlife, Fisheries and Parks | 220,070 |
| 20. 505 | Federal Transit-Metropolitan Planning Grants | Transportation | 275,287 |
| 20. 509 | Formula Grants for Other Than Urbanized Areas | Transportation | 3,121,289 |
| 20. 513 | Capital Assistance Program for Elderly Persons and Persons with Disabilities | Transportation | 89,108 |
| 20. 700 | Pipeline Safety | Public Service Commission | 149,508 |
| 20. 703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | Emergency Management | 107,827 |
| SUBTOTAL | | | 5,546,933 |
| Highway Planning and Construction Cluster | | | |
| 20. 205 | Highway Planning and Construction | Transportation | 279,995,493 |
| Total Highway Planning and Construction Cluster | | | 279,995,493 |
| Federal Transit Cluster | | | |
| 20. 500 | Federal Transit-Capital Investment Grants | Transportation | 46,773 |
| Total Federal Transit Cluster | | | 46,773 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| <u>CFDA Number</u> | <u>Federal Department/Program Name</u> | <u>State Grantee Agency</u> | <u>Federal Expenditures/ Distributions/ Issuances</u> |
|------------------------|---|-----------------------------|---|
| | Highway Safety Cluster | | |
| 20. 600 | State and Community Highway Safety | Public Safety | 1,856,023 |
| 20. 601 | Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | Public Safety | 185,689 |
| | Total Highway Safety Cluster | | 2,041,712 |
| | TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | 287,630,911 |
| | APPALACHIAN REGIONAL COMMISSION | | |
| 23. 002 | Appalachian Area Development | MS Development Authority | 324,979 |
| 23. 011 | Appalachian State Research, Technical Assistance, and Demonstration Projects | MS Development Authority | 115,558 |
| | TOTAL APPALACHIAN REGIONAL COMMISSION | | 440,537 |
| | GENERAL SERVICES ADMINISTRATION | | |
| 39. 003@ | Donation of Federal Surplus Personal Property | Finance and Administration | 1,140,277 |
| | TOTAL GENERAL SERVICES ADMINISTRATION | | 1,140,277 |
| | NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES | | |
| 45. 024 | Promotion of the Arts-Grants to Organizations and Individuals | Arts Commission | 31,175 |
| 45. 025 | Promotion of the Arts-Partnership Agreements | Arts Commission | 382,424 |
| 45. 026 | Promotion of the Arts-Leadership Initiatives | Arts Commission | 41,391 |
| | TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES | | 454,990 |
| | TENNESSEE VALLEY AUTHORITY | | |
| 62. UN | Low-Income Pilot Program | Human Services | 66,178 |
| | TOTAL TENNESSEE VALLEY AUTHORITY | | 66,178 |
| | U.S. DEPARTMENT OF VETERANS AFFAIRS | | |
| 64. 124 | All-Volunteer Force Educational Assistance | Veterans Affairs Board | 106,904 |
| | TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS | | 106,904 |
| | ENVIRONMENTAL PROTECTION AGENCY | | |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|--|---|---------------------------|---|
| 66. 032 | State Indoor Radon Grants | Health | 36,954 |
| 66. 432 | State Public Water System Supervision | Health | 1,205,453 |
| 66. 433 | State Underground Water Source Protection | Environmental Quality | 297,086 |
| | | /Oil and Gas Board | |
| 66. 454 | Water Quality Management Planning | Environmental Quality | 112,516 |
| 66. 458 | Capitalization Grants for State Revolving Funds | Environmental Quality | 12,663,380 |
| 66. 460 | Nonpoint Source Implementation Grants | Environmental Quality | 1,799,096 |
| 66. 463 | National Pollutant Discharge Elimination System Related State Program Grants | Environmental Quality | 3,571 |
| 66. 467 | Wastewater Operator Training Grant Program (Technical Assistance) | Environmental Quality | 23,049 |
| 66. 468 | Capitalization Grants for Drinking Water State Revolving Fund | Health | 8,612,302 |
| 66. 470 | Hardship Grants Program for Rural Communities | Environmental Quality | 147,454 |
| 66. 605 | Performance Partnership Grants | Environmental Quality | 3,900,831 |
| 66. 606 | Surveys, Studies, Investigations and Special Purpose Grants | Marine Resources | 700,890 |
| | | /Environmental Quality | |
| 66. 608 | One Stop Reporting | Environmental Quality | 117,180 |
| 66. 700 | Consolidated Pesticide Enforcement Cooperative Agreements | Plant Industry | 629,729 |
| 66. 701 | Toxic Substances Compliance Monitoring Cooperative Agreements | Environmental Quality | 44,677 |
| 66. 707 | TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals | Environmental Quality | 350,407 |
| 66. 708 | Pollution Prevention Grants Program | Environmental Quality | 60,000 |
| 66. 802 | Superfund State Site-Specific Cooperative Agreements | Environmental Quality | 174,587 |
| 66. 804 | State and Tribal Underground Storage Tanks Program | Environmental Quality | 201,798 |
| 66. 805 | Leaking Underground Storage Tank Trust Fund Program | Environmental Quality | 1,228,564 |
| 66. 808 | Solid Waste Management Assistance | Environmental Quality | 92,847 |
| 66. 809 | Superfund State Core Program Cooperative Agreements | Environmental Quality | 672,369 |
| TOTAL ENVIRONMENTAL PROTECTION AGENCY | | | 33,074,740 |
| U.S. DEPARTMENT OF ENERGY | | | |
| 81. UN | Other Federal Assistance | Environmental Quality | 196,323 |
| 81. UN1 | Petroleum Violation Escrow - Stripper Well | Treasury | 1,158,737 |
| 81. UN2 | Petroleum Violation Escrow - Citronelle/Exxon | Treasury | 476 |
| 81. UN3 | Petroleum Violation Escrow - Occidental/Exxon | Treasury | 98 |
| 81. 041 | State Energy Program | Treasury | 559,679 |
| | | /MS Development Authority | |
| 81. 042 | Weatherization Assistance for Low-Income Persons | Human Services | 992,446 |
| 81. 089 | Fossil Energy Research and Development | Environmental Quality | 163,050 |
| 81. 106 | Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions (Passed-through from Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-98-01, SSEB-WIPP-MS-99-01, SSEB-WIPP-MS-00-01.) | Emergency Management | 136,160 |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | 3,206,969 |
| FEDERAL EMERGENCY MANAGEMENT AGENCY | | | |
| 83. 011 | Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act of 1986 | Emergency Management | 18,794 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|--|---|--------------------------------------|---|
| 83. 105 | Community Assistance Program-State Support Services Element | Emergency Management | 45,650 |
| 83. 541 | Disaster Unemployment Assistance | Employment Security | 2,136 |
| 83. 543 | Individual and Family Grants | Emergency Management | 425,770 |
| 83. 544 | Public Assistance Grants | Emergency Management | 14,607,990 |
| 83. 545 | Disaster Housing Program | Emergency Management | 151,037 |
| 83. 548 | Hazard Mitigation Grant | Emergency Management | 3,499,481 |
| 83. 550 | National Dam Safety Program | Environmental Quality | 89,076 |
| 83. 551 | Project Impact-Building Disaster Resistant Communities | Emergency Management | 39,147 |
| 83. 552 | Emergency Management Performance Grants | Emergency Management | 1,595,406 |
| TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY | | | 20,474,487 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| 84. 002 | Adult Education-State Grant Program | Bd for Community and Junior Colleges | 5,046,801 |
| 84. 010 | Title I Grants to Local Educational Agencies | Education | 123,873,075 |
| 84. 011 | Migrant Education-Basic State Grant Program | Education | 1,054,633 |
| 84. 013 | Title I Program for Neglected and Delinquent Children | Education | 265,057 |
| 84. 029 | Special Education - Personnel Development and Parent Training | Education | 37,586 |
| 84. 034 | Public Library Services | Library Commission | 1,715,703 |
| 84. 048 | Vocational Education-Basic Grants to States | Education | 13,490,586 |
| 84. 126 | Rehabilitation Services-Vocational Rehabilitation Grants to States | Rehabilitation Services | 34,656,498 |
| 84. 128 | Rehabilitation Services-Service Projects | Rehabilitation Services | 1 |
| 84. 154 | Public Library Construction and Technology Enhancement | Library Commission | 22,401 |
| 84. 158 | Secondary Education and Transitional Services for Youth with Disabilities | Education | 332,180 |
| 84. 169 | Independent Living-State Grants | Rehabilitation Services | 442,103 |
| 84. 177 | Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind | Rehabilitation Services | 220,212 |
| 84. 181 | Special Education-Grants for Infants and Families with Disabilities | Health | 4,722,612 |
| 84. 185 | Byrd Honors Scholarships | Education | 421,909 |
| 84. 186 | Safe and Drug-Free Schools and Communities-State Grants | Public Safety /Education | 7,174,937 |
| 84. 187 | Supported Employment Services for Individuals with Severe Disabilities | Rehabilitation Services | 337,191 |
| 84. 194 | Bilingual Education Support Services | Education | 69,394 |
| 84. 196 | Education for Homeless Children and Youth | Education | 488,753 |
| 84. 213 | Even Start-State Educational Agencies | Education | 1,994,074 |
| 84. 216 | Capital Expenses | Education | 220,470 |
| 84. 224 | Assistive Technology | Rehabilitation Services | 316,228 |
| 84. 235 | Rehabilitation Services Demonstration and Training-Special Demonstration Programs | Rehabilitation Services | 161,172 |
| 84. 243 | Tech-Prep Education | Education | 1,299,939 |
| 84. 265 | Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training | Rehabilitation Services | 163,635 |
| 84. 276 | Goals 2000-State and Local Education Systemic Improvement Grants | Education | 6,837,997 |
| 84. 281 | Eisenhower Professional Development State Grants | Education | 3,922,855 |
| 84. 298 | Innovative Education Program Strategies | Education | 4,012,962 |
| 84. 318 | Technology Literacy Challenge Fund Grants | Education | 976,497 |
| 84. 330 | Advanced Placement Incentive Program | Education | 22,172 |
| 84. 331 | Grants to States for Incarcerated Youth Offenders | Education | 130,250 |
| 84. 332 | Comprehensive School Reform Demonstration | Education | 2,301,217 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|------------------------|--|-----------------------------|---|
| 84. 340 | Class Size Reduction | Education | 15,481,728 |
| | SUBTOTAL | | 232,212,828 |
| | Special Education Cluster | | |
| 84. 027 | Special Education-Grants to States | Education | 37,863,616 |
| 84. 173 | Special Education-Preschool Grants | Education | 4,515,645 |
| | Total Special Education Cluster | | 42,379,261 |
| | TRIO Cluster | | |
| 84. 044 | TRIO-Talent Search | Education | 339,960 |
| | Total TRIO Cluster | | 339,960 |
| | TOTAL U.S. DEPARTMENT OF EDUCATION | | 274,932,049 |
| | NATIONAL ARCHIVES AND RECORDS ADMINISTRATION | | |
| 89. 003 | National Historical Publications and Records Grants | Archives and History | 30,412 |
| | TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION | | 30,412 |
| | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| 93. UN1 | State Demand and Needs Assessment Studies: Alcohol and Other Drugs | Mental Health | 57,559 |
| 93. UN2 | Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems | Mental Health | 8,532 |
| 93. 041 | Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation | Human Services | 63,324 |
| 93. 042 | Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals | Human Services | 114,160 |
| 93. 043 | Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services | Human Services | 124,957 |
| 93. 046 | Special Programs for the Aging-Title III, Part D-In-Home Services for Frail Older Individuals | Human Services | 35,001 |
| 93. 048 | Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs | Human Services | 10,283 |
| 93. 049 | Special Programs for the Aging-Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs | Human Services | 1,374 |
| 93. 104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | Mental Health | 175,538 |
| 93. 110 | Maternal and Child Health Federal Consolidated Programs | Health | 294,733 |
| 93. 116 | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | Health | 1,011,522 |
| 93. 127 | Emergency Medical Services for Children | Health | 91,772 |
| 93. 130 | Primary Care Services-Resource Coordination and Development-Primary Care Offices | Health | 176,700 |
| 93. 136 | Injury Prevention and Control Research and State and Community Based Programs | Health | 171,926 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|----------------|---|--------------------------|---|
| 93. 150 | Projects for Assistance in Transition from Homelessness (PATH) | Mental Health | 247,839 |
| 93. 161 | Health Program for Toxic Substances and Disease Registry | Health | 60,911 |
| 93. 184 | Disabilities Prevention | Rehabilitation Services | 758 |
| 93. 217 | Family Planning-Services | Health | 3,677,196 |
| 93. 235 | Abstinence Education | Health | 362,294 |
| 93. 268@ | Immunization Grants | Health | 9,582,400 |
| 93. 283 | Centers for Disease Control and Prevention-Investigations and Technical Assistance | Health | 783,372 |
| 93. 556 | Promoting Safe and Stable Families | Human Services | 2,665,451 |
| 93. 558 | Temporary Assistance for Needy Families | Human Services | 51,916,024 |
| 93. 561 | Job Opportunities and Basic Skills Training | Human Services | 1,971,469 |
| 93. 563 | Child Support Enforcement | Human Services | 13,093,376 |
| 93. 566 | Refugee and Entrant Assistance-State Administered Programs | Human Services | 638,081 |
| 93. 568 | Low-Income Home Energy Assistance | Human Services | 7,228,876 |
| 93. 569 | Community Services Block Grant | Human Services | 8,137,123 |
| 93. 571 | Community Services Block Grant Discretionary Awards-Community Food and Nutrition | Human Services | 21,904 |
| 93. 585 | Empowerment Zones Program | MS Development Authority | 3,324,792 |
| 93. 586 | State Court Improvement Program | Supreme Court | 138,322 |
| 93. 597 | Grants to States for Access and Visitation Programs | Human Services | 146,814 |
| 93. 600 | Head Start | Education | 42,035 |
| | | /Human Services | |
| 93. 603 | Adoption Incentive Payments | Human Services | 11,445 |
| 93. 630 | Developmental Disabilities Basic Support and Advocacy Grants | Mental Health | 788,225 |
| 93. 643 | Children's Justice Grants to States | Human Services | 108,839 |
| 93. 645 | Child Welfare Services-State Grants | Human Services | 2,276,498 |
| 93. 647 | Social Services Research and Demonstration | Human Services | 15,990 |
| 93. 652 | Adoption Opportunities | Human Services | 131,535 |
| 93. 658 | Foster Care-Title IV-E | Human Services | 14,202,815 |
| 93. 659 | Adoption Assistance | Human Services | 2,915,807 |
| 93. 667 | Social Services Block Grant | Human Services | 14,496,309 |
| 93. 669 | Child Abuse and Neglect State Grants | Human Services | 518,499 |
| 93. 671 | Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes | Health | 549,323 |
| 93. 674 | Independent Living | Human Services | 474,631 |
| 93. 767 | State Children's Insurance Program | Medicaid | 15,949,984 |
| 93. 779 | Health Care Financing Research, Demonstrations and Evaluations | Medicaid | 343,547 |
| | | /Human Services | |
| 93. 913 | Grants to States for Operation of Offices of Rural Health | Health | 38,144 |
| 93. 917 | HIV Care Formula Grants | Health | 3,283,685 |
| 93. 919 | Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs | Health | 282,571 |
| 93. 938 | Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | Education | 138,757 |
| 93. 940 | HIV Prevention Activities-Health Department Based | Health | 1,518,556 |
| 93. 944 | Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | Health | 220,454 |
| 93. 945 | Assistance Program for Chronic Disease Prevention and Control | Health | 261,099 |
| 93. 958 | Block Grants for Community Mental Health Services | Mental Health | 2,266,423 |
| 93. 959 | Block Grants for Prevention and Treatment of Substance Abuse | Mental Health | 13,116,629 |
| 93. 977@ | Preventive Health Services-Sexually Transmitted Diseases Control Grants | Health | 1,015,242 |
| 93. 988 | Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems | Health | 256,564 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | Federal Department/Program Name | State Grantee Agency | Federal Expenditures/ Distributions/ Issuances |
|------------------------|---|-----------------------------|---|
| 93. 991 | Preventive Health and Health Services Block Grant | Health | 2,506,427 |
| 93. 994 | Maternal and Child Health Services Block Grant to the States | Health | 10,276,032 |
| | SUBTOTAL | | 190,393,246 |
| | Aging Cluster | | |
| 93. 044 | Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers | Human Services | 3,855,779 |
| 93. 045 | Special Programs for the Aging-Title III, Part C-Nutrition Services | Human Services | 3,203,168 |
| | Total Aging Cluster | | 7,058,947 |
| | Child Care Cluster | | |
| 93. 575 | Child Care and Development Block Grant | Human Services | 29,169,523 |
| 93. 596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | 21,510,547 |
| | Total Child Care Cluster | | 50,680,070 |
| | Medicaid Cluster | | |
| 93. 775 | State Medicaid Fraud Control Units | Attorney General | 1,148,413 |
| 93. 777 | State Survey and Certification of Health Care Providers and Suppliers | Health | 2,842,422 |
| 93. 778 | Medical Assistance Program | /Medicaid Medicaid | 1,535,337,536 |
| | Total Medicaid Cluster | | 1,539,328,371 |
| | TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 1,787,460,634 |
| | CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | |
| 94. 004 | Learn and Serve America-School and Community Based Programs | Education | 374,229 |
| 94. 007 | Planning and Program Development Grants | Education | 91,623 |
| | SUBTOTAL | | 465,852 |
| | Foster Grandparent/Senior Companion Cluster | | |
| 94. 016 | Senior Companion Program | Human Services | 125,002 |
| | Total Foster Grandparent/Senior Companion Cluster | | 125,002 |
| | TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | 590,854 |
| | SOCIAL SECURITY ADMINISTRATION | | |
| | Disability Insurance/SSI Cluster | | |
| 96. 001 | Social Security-Disability Insurance | Rehabilitation Services | 19,024,323 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2000

| <u>CFDA Number</u> | <u>Federal Department/Program Name</u> | <u>State Grantee Agency</u> | <u>Federal Expenditures/ Distributions/ Issuances</u> |
|------------------------|--|-----------------------------|---|
| | TOTAL SOCIAL SECURITY ADMINISTRATION | | <u>19,024,323</u> |
| | TOTAL EXPENDITURES OF FEDERAL AWARDS | | \$ <u>3,217,394,676</u> |

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$113,363,002 and federal expenditures of \$24,251,392.

@Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

(This page left blank intentionally.)

Schedule of Expenditures of Federal Awards by State Grantee Agency



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| <u>CFDA Number</u> | <u>State Agency/Federal Department/Program Name</u> | <u>Federal Expenditures/ Distributions/ Issuances</u> |
|------------------------|--|---|
| | <u>AGRIBUSINESS COUNCIL</u> | |
| 10. 769 | U.S. Department of Agriculture Rural Development Grants | \$ 72,500 |
| | TOTAL AGRIBUSINESS COUNCIL | 72,500 |
| | <u>AGRICULTURE AND COMMERCE</u> | |
| 10. 475 | U.S. Department of Agriculture Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 1,736,676 |
| 10. 572 | WIC Farmers' Market Nutrition Program (FMNP) | 46,812 |
| 10. 950 | Agricultural Statistics Reports | 110,371 |
| | Total U.S. Department of Agriculture | 1,893,859 |
| 20. UN2 | U.S. Department of Transportation Roadside Fuel Sampling | 533 |
| | TOTAL AGRICULTURE AND COMMERCE | 1,894,392 |
| | <u>ANIMAL HEALTH</u> | |
| 10. 025 | U.S. Department of Agriculture Plant and Animal Disease, Pest Control, and Animal Care | 77,131 |
| | TOTAL ANIMAL HEALTH | 77,131 |
| | <u>ARCHIVES AND HISTORY</u> | |
| 15. 904 | U.S. Department of the Interior Historic Preservation Fund Grants-In-Aid | 485,467 |
| 89. 003 | National Archives and Records Administration National Historical Publications and Records Grants | 30,412 |
| | TOTAL ARCHIVES AND HISTORY | 515,879 |
| | <u>ARTS COMMISSION</u> | |
| 45. 024 | National Foundation on the Arts and the Humanities Promotion of the Arts-Grants to Organizations and Individuals | 31,175 |
| 45. 025 | Promotion of the Arts-Partnership Agreements | 382,424 |
| 45. 026 | Promotion of the Arts-Leadership Initiatives | 41,391 |
| | Total National Foundation on the Arts and the Humanities | 454,990 |

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| | TOTAL ARTS COMMISSION | 454,990 |
| | ATTORNEY GENERAL | |
| 93. 775 | U.S. Department of Health and Human Services State Medicaid Fraud Control Units | 1,148,413 |
| | TOTAL ATTORNEY GENERAL | 1,148,413 |
| | BD FOR COMMUNITY AND JUNIOR COLLEGES | |
| 84. 002 | U.S. Department of Education Adult Education-State Grant Program | 5,046,801 |
| | TOTAL BD FOR COMMUNITY AND JUNIOR COLLEGES | 5,046,801 |
| | CORRECTIONS | |
| 16. 586 | U.S. Department of Justice Violent Offender Incarceration and Truth in Sentencing Incentive Grants | 7,701,569 |
| | TOTAL CORRECTIONS | 7,701,569 |
| | EDUCATION | |
| 10. 550@ | U.S. Department of Agriculture Food Distribution | 10,940,614 |
| 10. 553 | School Breakfast Program | 29,807,321 |
| 10. 555 | National School Lunch Program | 96,869,140 |
| 10. 556 | Special Milk Program for Children | 10,692 |
| 10. 558 | Child and Adult Care Food Program | 21,921,530 |
| 10. 559 | Summer Food Service Program for Children | 3,707,946 |
| 10. 560 | State Administrative Expenses for Child Nutrition | 1,972,103 |
| 10. 564 | Nutrition Education and Training Program | 8,350 |
| | Total U.S. Department of Agriculture | 165,237,696 |
| 11. 552 | U.S. Department of Commerce Technology Opportunities | 193,150 |
| 12. UN1 | U.S. Department of Defense Teacher and Teacher's Aide Placement Assistance Program | 157,618 |
| 17. 249 | U.S. Department of Labor Employment Services and Job Training Pilots-Demonstrations and Research | 3,953,602 |
| 84. 010 | U.S. Department of Education Title I Grants to Local Educational Agencies | 123,873,075 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|---|---|---|
| 84. 011 | Migrant Education-Basic State Grant Program | 1,054,633 |
| 84. 013 | Title I Program for Neglected and Delinquent Children | 265,057 |
| 84. 027 | Special Education-Grants to States | 37,863,616 |
| 84. 029 | Special Education - Personnel Development and Parent Training | 37,586 |
| 84. 044 | TRIO-Talent Search | 339,960 |
| 84. 048 | Vocational Education-Basic Grants to States | 13,490,586 |
| 84. 158 | Secondary Education and Transitional Services for Youth with Disabilities | 332,180 |
| 84. 173 | Special Education-Preschool Grants | 4,515,645 |
| 84. 185 | Byrd Honors Scholarships | 421,909 |
| 84. 186 | Safe and Drug-Free Schools and Communities-State Grants | 5,980,065 |
| 84. 194 | Bilingual Education Support Services | 69,394 |
| 84. 196 | Education for Homeless Children and Youth | 488,753 |
| 84. 213 | Even Start-State Educational Agencies | 1,994,074 |
| 84. 216 | Capital Expenses | 220,470 |
| 84. 243 | Tech-Prep Education | 1,299,939 |
| 84. 276 | Goals 2000-State and Local Education Systemic Improvement Grants | 6,837,997 |
| 84. 281 | Eisenhower Professional Development State Grants | 3,922,855 |
| 84. 298 | Innovative Education Program Strategies | 4,012,962 |
| 84. 318 | Technology Literacy Challenge Fund Grants | 976,497 |
| 84. 330 | Advanced Placement Incentive Program | 22,172 |
| 84. 331 | Grants to States for Incarcerated Youth Offenders | 130,250 |
| 84. 332 | Comprehensive School Reform Demonstration | 2,301,217 |
| 84. 340 | Class Size Reduction | 15,481,728 |
| Total U.S. Department of Education | | 225,932,620 |
| U.S. Department of Health and Human Services | | |
| 93. 600 | Head Start | 29,173 |
| 93. 938 | Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | 138,757 |
| Total U.S. Department of Health and Human Services | | 167,930 |
| Corporation for National and Community Service | | |
| 94. 004 | Learn and Serve America-School and Community Based Programs | 374,229 |
| 94. 007 | Planning and Program Development Grants | 91,623 |
| Total Corporation for National and Community Service | | 465,852 |
| TOTAL EDUCATION | | 396,108,468 |
| EMERGENCY MANAGEMENT | | |
| U.S. Department of Transportation | | |
| 20. 703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | 107,827 |
| U.S. Department of Energy | | |
| 81. 106 | Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions | 136,160 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| | (Passed-through from Southern States Energy Board. Identifying number assigned by the pass-through entity - SSEB-WIPP-MS-98-01, SSEB-WIPP-MS-99-01, SSEB-WIPP-MS-00-01.) | |
| | Federal Emergency Management Agency | |
| 83. 011 | Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act of 1986 | 18,794 |
| 83. 105 | Community Assistance Program-State Support Services Element (CAP-SSSE) | 45,650 |
| 83. 543 | Individual and Family Grants | 425,770 |
| 83. 544 | Public Assistance Grants | 14,607,990 |
| 83. 545 | Disaster Housing Program | 151,037 |
| 83. 548 | Hazard Mitigation Grant | 3,499,481 |
| 83. 551 | Project Impact-Building Disaster Resistant Communities | 39,147 |
| 83. 552 | Emergency Management Performance Grants | 1,595,406 |
| | Total Federal Emergency Management Agency | 20,383,275 |
| | TOTAL EMERGENCY MANAGEMENT | 20,627,262 |
| | EMPLOYMENT SECURITY | |
| | U.S. Department of Agriculture | |
| 10. 761 | Technical Assistance and Training Grants | 10,281 |
| | U.S. Department of Labor | |
| 17. UN2 | Job Corps | 890,238 |
| 17. 002 | Labor Force Statistics | 641,396 |
| 17. 203 | Labor Certification for Alien Workers | 68,250 |
| 17. 207 | Employment Service | 6,930,647 |
| 17. 225# | Unemployment Insurance | 137,614,394 |
| 17. 245 | Trade Adjustment Assistance-Workers | 577,583 |
| 17. 801 | Disabled Veterans' Outreach Program (DVOP) | 575,332 |
| 17. 804 | Local Veterans' Employment Representative Program | 1,153,970 |
| | Total U.S. Department of Labor | 148,451,810 |
| 83. 541 | Federal Emergency Management Agency Disaster Unemployment Assistance | 2,136 |
| | TOTAL EMPLOYMENT SECURITY | 148,464,227 |
| | ENVIRONMENTAL QUALITY | |
| | U.S. Department of Defense | |
| 12. 113 | State Memorandum of Agreement Program for the Reimbursement of Technical Services | 83,872 |
| | U.S. Department of the Interior | |
| 15. 250 | Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | 95,866 |
| 15. 808 | U.S. Geological Survey-Research and Data Acquisition | 67,346 |
| 15. 810 | National Cooperative Geologic Mapping Program | 9,880 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| | Total U.S. Department of the Interior | <u>173,092</u> |
| | U.S. Department of Labor | |
| 17. 600 | Mine Health and Safety Grants | <u>38,839</u> |
| | Environmental Protection Agency | |
| 66. 433 | State Underground Water Source Protection | 79,299 |
| 66. 454 | Water Quality Management Planning | 112,516 |
| 66. 458 | Capitalization Grants for State Revolving Funds | 12,663,380 |
| 66. 460 | Nonpoint Source Implementation Grants | 1,799,096 |
| 66. 463 | National Pollutant Discharge Elimination System Related State Program Grants | 3,571 |
| 66. 467 | Wastewater Operator Training Grant Program (Technical Assistance) | 23,049 |
| 66. 470 | Hardship Grants Program for Rural Communities | 147,454 |
| 66. 605 | Performance Partnership Grants | 3,900,831 |
| 66. 606 | Surveys, Studies, Investigations and Special Purpose Grants | 697,784 |
| 66. 608 | One Stop Reporting | 117,180 |
| 66. 701 | Toxic Substances Compliance Monitoring Cooperative Agreements | 44,677 |
| 66. 707 | TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals | 350,407 |
| 66. 708 | Pollution Prevention Grants Program | 60,000 |
| 66. 802 | Superfund State Site-Specific Cooperative Agreements | 174,587 |
| 66. 804 | State and Tribal Underground Storage Tanks Program | 201,798 |
| 66. 805 | Leaking Underground Storage Tank Trust Fund Program | 1,228,564 |
| 66. 808 | Solid Waste Management Assistance | 92,847 |
| 66. 809 | Superfund State Core Program Cooperative Agreements | <u>672,369</u> |
| | Total Environmental Protection Agency | <u>22,369,409</u> |
| | U.S. Department of Energy | |
| 81. UN | Other Federal Assistance | 196,323 |
| 81. 089 | Fossil Energy Research and Development | <u>163,050</u> |
| | Total U.S. Department of Energy | <u>359,373</u> |
| | Federal Emergency Management Agency | |
| 83. 550 | National Dam Safety Program | <u>89,076</u> |
| | TOTAL ENVIRONMENTAL QUALITY | <u>23,113,661</u> |
| | FINANCE AND ADMINISTRATION | |
| | U.S. Department of Defense | |
| 12. UN @ | Transfer of Excess Personal Property for Counter-Drug Activities | 156,450 |
| | U.S. Department of Justice | |
| 16. 576 | Crime Victim Compensation | <u>288,750</u> |
| | General Services Administration | |
| 39. 003@ | Donation of Federal Surplus Personal Property | 1,140,277 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|---|---|
| | TOTAL FINANCE AND ADMINISTRATION | 1,585,477 |
| | FORESTRY COMMISSION | |
| | U.S. Department of Agriculture | |
| 10. 064 | Forestry Incentives Program | 177,611 |
| 10. 664 | Cooperative Forestry Assistance | 1,525,646 |
| | Total U.S. Department of Agriculture | 1,703,257 |
| | TOTAL FORESTRY COMMISSION | 1,703,257 |
| | HEALTH | |
| | U.S. Department of Agriculture | |
| 10. 557 | Special Supplemental Nutrition Program for Women, Infants, and Children | 54,358,031 |
| | U.S. Department of Housing and Urban Development | |
| 14. 241 | Housing Opportunities for Persons with AIDS | 115,399 |
| | U.S. Department of Labor | |
| 17. 005 | Compensation and Working Conditions | 15,393 |
| 17. 504 | Consultation Agreements | 17,556 |
| | Total U.S. Department of Labor | 32,949 |
| | Environmental Protection Agency | |
| 66. 032 | State Indoor Radon Grants | 36,954 |
| 66. 432 | State Public Water System Supervision | 1,205,453 |
| 66. 468 | Capitalization Grants for Drinking Water State Revolving Fund | 8,612,302 |
| | Total Environmental Protection Agency | 9,854,709 |
| | U.S. Department of Education | |
| 84. 181 | Special Education-Grants for Infants and Families with Disabilities | 4,722,612 |
| | U.S. Department of Health and Human Services | |
| 93. 110 | Maternal and Child Health Federal Consolidated Programs | 294,733 |
| 93. 116 | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 1,011,522 |
| 93. 127 | Emergency Medical Services for Children | 91,772 |
| 93. 130 | Primary Care Services-Resource Coordination and Development-Primary Care Offices | 176,700 |
| 93. 136 | Injury Prevention and Control Research and State and Community Based Programs | 171,926 |
| 93. 161 | Health Program for Toxic Substances and Disease Registry | 60,911 |
| 93. 217 | Family Planning-Services | 3,677,196 |
| 93. 235 | Abstinence Education | 362,294 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|---|--|---|
| 93. 268@ | Immunization Grants | 9,582,400 |
| 93. 283 | Centers for Disease Control and Prevention-Investigations and Technical Assistance | 783,372 |
| 93. 671 | Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes | 549,323 |
| 93. 777 | State Survey and Certification of Health Care Providers and Suppliers | 1,387,153 |
| 93. 913 | Grants to States for Operation of Offices of Rural Health | 38,144 |
| 93. 917 | HIV Care Formula Grants | 3,283,685 |
| 93. 919 | Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs | 282,571 |
| 93. 940 | HIV Prevention Activities-Health Department Based | 1,518,556 |
| 93. 944 | Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | 220,454 |
| 93. 945 | Assistance Program for Chronic Disease Prevention and Control | 261,099 |
| 93. 977@ | Preventive Health Services-Sexually Transmitted Diseases Control Grants | 1,015,242 |
| 93. 988 | Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems | 256,564 |
| 93. 991 | Preventive Health and Health Services Block Grant | 2,506,427 |
| 93. 994 | Maternal and Child Health Services Block Grant to the States | 10,276,032 |
| Total U.S. Department of Health and Human Services | | 37,808,076 |
| TOTAL HEALTH | | 106,891,776 |
| HUMAN SERVICES | | |
| U.S. Department of Agriculture | | |
| 10. 551@ | Food Stamps | 225,420,111 |
| 10. 561 | State Administrative Matching Grants for Food Stamp Program | 22,585,824 |
| 10. 568 | Emergency Food Assistance Program (Administrative Costs) | 616,213 |
| 10. 569@ | Emergency Food Assistance Program (Food Commodities) | 3,722,803 |
| 10. 570 | Nutrition Program for the Elderly (Commodities) | 1,865,084 |
| Total U.S. Department of Agriculture | | 254,210,035 |
| U.S. Department of Housing and Urban Development | | |
| 14. 169 | Housing Counseling Assistance Program | 901 - |
| 14. 231 | Emergency Shelter Grants Program | 63,264 - |
| Total U.S. Department of Housing and Urban Development | | 64,165 - |
| U.S. Department of Labor | | |
| 17. 235 | Senior Community Service Employment Program | 933,658 |
| Tennessee Valley Authority | | |
| 62. UN | Low-Income Pilot Program | 66,178 |
| U.S. Department of Energy | | |
| 81. 042 | Weatherization Assistance for Low-Income Persons | 992,446 |
| U.S. Department of Health and Human Services | | |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|---|--|---|
| 93. 041 | Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 63,324 |
| 93. 042 | Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals | 114,160 |
| 93. 043 | Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services | 124,957 |
| 93. 044 | Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers | 3,855,779 |
| 93. 045 | Special Programs for the Aging-Title III, Part C-Nutrition Services | 3,203,168 |
| 93. 046 | Special Programs for the Aging-Title III, Part D-In-Home Services for Frail Older Individuals | 35,001 |
| 93. 048 | Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs | 10,283 |
| 93. 049 | Special Programs for the Aging-Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs | 1,374 - |
| 93. 556 | Promoting Safe and Stable Families | 2,665,451 |
| 93. 558 | Temporary Assistance for Needy Families | 51,916,024 |
| 93. 561 | Job Opportunities and Basic Skills Training | 1,971,469 - |
| 93. 563 | Child Support Enforcement | 13,093,376 |
| 93. 566 | Refugee and Entrant Assistance-State Administered Programs | 638,081 |
| 93. 568 | Low-Income Home Energy Assistance | 7,228,876 |
| 93. 569 | Community Services Block Grant | 8,137,123 |
| 93. 571 | Community Services Block Grant Discretionary Awards-Community Food and Nutrition | 21,904 |
| 93. 575 | Child Care and Development Block Grant | 29,169,523 |
| 93. 596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 21,510,547 |
| 93. 597 | Grants to States for Access and Visitation Programs | 146,814 |
| 93. 600 | Head Start | 12,862 |
| 93. 603 | Adoption Incentive Payments | 11,445 |
| 93. 643 | Children's Justice Grants to States | 108,839 |
| 93. 645 | Child Welfare Services-State Grants | 2,276,498 |
| 93. 647 | Social Services Research and Demonstration | 15,990 |
| 93. 652 | Adoption Opportunities | 131,535 |
| 93. 658 | Foster Care-Title IV-E | 14,202,815 |
| 93. 659 | Adoption Assistance | 2,915,807 |
| 93. 667 | Social Services Block Grant | 14,496,309 |
| 93. 669 | Child Abuse and Neglect State Grants | 518,499 |
| 93. 674 | Independent Living | 474,631 |
| 93. 779 | Health Care Financing Research, Demonstrations and Evaluations | 325,082 |
| Total U.S. Department of Health and Human Services | | 175,451,860 |
| Corporation for National and Community Service | | |
| 94. 016 | Senior Companion Program | 125,002 |
| TOTAL HUMAN SERVICES | | 431,715,014 |
| LIBRARY COMMISSION | | |
| U.S. Department of Education | | |
| 84. 034 | Public Library Services | 1,715,703 |
| 84. 154 | Public Library Construction and Technology Enhancement | 22,401 |
| Total U.S. Department of Education | | 1,738,104 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| | TOTAL LIBRARY COMMISSION | 1,738,104 |
| | MARINE RESOURCES | |
| | U.S. Department of Commerce | |
| 11. 407 | Interjurisdictional Fisheries Act of 1986 | 67,156 |
| 11. 419 | Coastal Zone Management Administration Awards | 763,305 |
| 11. 420 | Coastal Zone Management Estuarine Research Reserves | 131,454 |
| 11. 434 | Cooperative Fishery Statistics | 83,347 |
| 11. 452 | Unallied Industry Projects | 67,596 |
| 11. 454 | Unallied Management Projects | 48,979 |
| 11. 477 | Fisheries Disaster Relief | 147,972 |
| | Total U.S. Department of Commerce | 1,309,809 |
| | U.S. Department of the Interior | |
| 15. 605 | Sport Fish Restoration | 531,882 |
| 15. 614 | Coastal Wetlands Planning, Protection and Restoration Act | 184,767 |
| 15. 616 | Clean Vessel Act | 16,855 |
| | Total U.S. Department of the Interior | 733,504 |
| | Environmental Protection Agency | |
| 66. 606 | Surveys, Studies, Investigations and Special Purpose Grants | 3,106 |
| | TOTAL MARINE RESOURCES | 2,046,419 |
| | MEDICAID | |
| | U.S. Department of Health and Human Services | |
| 93. 767 | State Children's Insurance Program | 15,949,984 |
| 93. 777 | State Survey and Certification of Health Care Providers and Suppliers | 1,455,269 |
| 93. 778 | Medical Assistance Program | 1,535,337,536 |
| 93. 779 | Health Care Financing Research, Demonstrations and Evaluations | 18,465 |
| | Total U.S. Department of Health and Human Services | 1,552,761,254 |
| | TOTAL MEDICAID | 1,552,761,254 |
| | MENTAL HEALTH | |
| | U.S. Department of Health and Human Services | |
| 93. UN1 | State Demand and Needs Assessment Studies: Alcohol and Other Drugs | 57,559 |
| 93. UN2 | Implementation of Uniform Alcohol and Drug Abuse Data Collection Systems | 8,532 |
| 93. 104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | 175,538 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| 93. 150 | Projects for Assistance in Transition from Homelessness (PATH) | 247,839 |
| 93. 630 | Developmental Disabilities Basic Support and Advocacy Grants | 788,225 |
| 93. 958 | Block Grants for Community Mental Health Services | 2,266,423 |
| 93. 959 | Block Grants for Prevention and Treatment of Substance Abuse | 13,116,629 |
| | Total U.S. Department of Health and Human Services | 16,660,745 |
| | TOTAL MENTAL HEALTH | 16,660,745 |
| | MILITARY DEPARTMENT | |
| | U.S. Department of Defense | |
| 12. AAD | National Guard Special Military Operations and Projects | 2,617,038 |
| 12. AAF | National Guard Civilian Youth Opportunities Pilot Program | 2,809,517 |
| 12. 400 | Military Construction, National Guard | 5,237,457 |
| 12. 401 | National Guard Military Operations and Maintenance (O&M) Projects | 23,366,352 |
| | Total U.S. Department of Defense | 34,030,364 |
| | TOTAL MILITARY DEPARTMENT | 34,030,364 |
| | MS DEVELOPMENT AUTHORITY | |
| | U.S. Department of Commerce | |
| 11. 800 | Basic Minority Business Development Centers | 40,318 |
| | U.S. Department of Housing and Urban Development | |
| 14. 228 | Community Development Block Grants/State's Program | 39,896,946 |
| 14. 231 | Emergency Shelter Grants Program | 1,370,121 |
| 14. 239 | HOME Investment Partnerships Program | 14,281,873 |
| | Total U.S. Department of Housing and Urban Development | 55,548,940 |
| | U.S. Department of Labor | |
| 17. UN | State Occupational Information Coordinating Committee(SOICC) | 116,712 |
| 17. 207 | Employment Service | 346,840 |
| 17. 246 | Employment and Training Assistance-Dislocated Workers | 11,316,986 |
| 17. 250 | Job Training Partnership Act | 23,854,787 |
| 17. 255 | Workforce Investment Act | 307,246 |
| | Total U.S. Department of Labor | 35,942,571 |
| | Appalachian Regional Commission | |
| 23. 002 | Appalachian Area Development | 324,979 |
| 23. 011 | Appalachian State Research, Technical Assistance, and Demonstration Projects | 115,558 |
| | Total Appalachian Regional Commission | 440,537 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| 81. 041 | U.S. Department of Energy State Energy Program | 533,939 |
| 93. 585 | U.S. Department of Health and Human Services Empowerment Zones Program | 3,324,792 |
| | TOTAL MS DEVELOPMENT AUTHORITY | 95,831,097 |
| | <u>NARCOTICS</u> | |
| 07. UN | Office of National Drug Control Policy High Intensity Drug Trafficking Area | 276,059 |
| 16. UN | U.S. Department of Justice Domestic Cannabis Eradication/Suppression Program | 342,792 |
| | TOTAL NARCOTICS | 618,851 |
| | <u>OIL AND GAS BOARD</u> | |
| 66. 433 | Environmental Protection Agency State Underground Water Source Protection | 217,787 |
| | TOTAL OIL AND GAS BOARD | 217,787 |
| | <u>PLANT INDUSTRY</u> | |
| 10. 025 | U.S. Department of Agriculture Plant and Animal Disease, Pest Control, and Animal Care | 87,114 |
| 10. 163 | Market Protection and Promotion | 84,066 |
| | Total U.S. Department of Agriculture | 171,180 |
| 66. 700 | Environmental Protection Agency Consolidated Pesticide Enforcement Cooperative Agreements | 629,729 |
| | TOTAL PLANT INDUSTRY | 800,909 |
| | <u>PUBLIC SAFETY</u> | |
| 16. 523 | U.S. Department of Justice Juvenile Accountability Incentive Block Grants | 17,734 |
| 16. 540 | Juvenile Justice and Delinquency Prevention-Allocation to States | 657,119 |
| 16. 547 | Victims of Child Abuse | 62,512 |
| 16. 549 | Part E-State Challenge Activities | 67,617 |
| 16. 554 | National Criminal History Improvement Program (NCHIP) | 806,165 |
| 16. 560 | National Institute of Justice Research, Evaluation, and Development Project Grants | 20,344 |
| 16. 575 | Crime Victim Assistance | 2,746,381 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|--|---|
| 16. 579 | Byrne Formula Grant Program | 5,674,016 |
| 16. 588 | Violence Against Women Formula Grants | 1,594,420 |
| 16. 589 | Rural Domestic Violence and Child Victimization Enforcement Grant Program | 216,206 |
| 16. 592 | Local Law Enforcement Block Grants Program | 115,887 |
| 16. 593 | Residential Substance Abuse Treatment for State Prisoners | 230,671 |
| 16. 598 | State Identification Systems Grant Program | 112,251 |
| | Total U.S. Department of Justice | 12,321,323 |
| | U.S. Department of Transportation | |
| 20. UN1 | Fatal Analysis Reporting System | 58,753 |
| 20. 600 | State and Community Highway Safety | 1,856,023 |
| 20. 601 | Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | 185,689 |
| | Total U.S. Department of Transportation | 2,100,465 |
| | U.S. Department of Education | |
| 84. 186 | Safe and Drug-Free Schools and Communities-State Grants | 1,194,872 |
| | TOTAL PUBLIC SAFETY | 15,616,660 |
| | PUBLIC SERVICE COMMISSION | |
| | U.S. Department of Transportation | |
| 20. 218 | National Motor Carrier Safety | 1,066,915 |
| 20. 700 | Pipeline Safety | 149,508 |
| | Total U.S. Department of Transportation | 1,216,423 |
| | TOTAL PUBLIC SERVICE COMMISSION | 1,216,423 |
| | REHABILITATION SERVICES | |
| | U.S. Department of Education | |
| 84. 126 | Rehabilitation Services-Vocational Rehabilitation Grants to States | 34,656,498 |
| 84. 128 | Rehabilitation Services-Service Projects | 1 |
| 84. 169 | Independent Living-State Grants | 442,103 |
| 84. 177 | Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind | 220,212 |
| 84. 187 | Supported Employment Services for Individuals with Severe Disabilities | 337,191 |
| 84. 224 | Assistive Technology | 316,228 |
| 84. 235 | Rehabilitation Services Demonstration and Training-Special Demonstration Programs | 161,172 |
| 84. 265 | Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training | 163,635 |
| | Total U.S. Department of Education | 36,297,040 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|---|---|
| 93. 184 | U.S. Department of Health and Human Services Disabilities Prevention | 758- |
| 96. 001 | Social Security Administration Social Security-Disability Insurance | 19,024,323 |
| | TOTAL REHABILITATION SERVICES | 55,320,605 |
| | <u>SUPREME COURT</u> | |
| 93. 586 | U.S. Department of Health and Human Services State Court Improvement Program | 138,322 |
| | TOTAL SUPREME COURT | 138,322 |
| | <u>TRANSPORTATION</u> | |
| 20. 106 | U.S. Department of Transportation Airport Improvement Program | 62,966 |
| 20. 205 | Highway Planning and Construction | 279,995,493 |
| 20. 500 | Federal Transit-Capital Investment Grants | 46,773 |
| 20. 505 | Federal Transit-Metropolitan Planning Grants | 275,287 |
| 20. 509 | Formula Grants for Other Than Urbanized Areas | 3,121,289 |
| 20. 513 | Capital Assistance Program for Elderly Persons and Persons with Disabilities | 89,108 |
| | Total U.S. Department of Transportation | 283,590,916 |
| | TOTAL TRANSPORTATION | 283,590,916 |
| | <u>TREASURY</u> | |
| 81. UN1 | U.S. Department of Energy Petroleum Violation Escrow - Stripper Well | 1,158,737 |
| 81. UN2 | Petroleum Violation Escrow - Citronelle/Exxon | 476 |
| 81. UN3 | Petroleum Violation Escrow - Occidental/Exxon | 98 |
| 81. 041 | State Energy Program | 25,740 |
| | Total U.S. Department of Energy | 1,185,051 |
| | TOTAL TREASURY | 1,185,051 |
| | <u>VETERANS AFFAIRS BOARD</u> | |
| 64. 124 | U.S. Department of Veterans Affairs All-Volunteer Force Educational Assistance | 106,904 |
| | TOTAL VETERANS AFFAIRS BOARD | 106,904 |

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2000

| CFDA Number | State Agency/Federal Department/Program Name | Federal Expenditures/ Distributions/ Issuances |
|----------------|---|---|
| | WILDLIFE, FISHERIES AND PARKS | |
| | U.S. Department of Defense | |
| 12. UN2 | Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity - DACW01391543S, DACW01391500S, DACW01392411S, DACW01392410S and DACW3891H007S) | 1,420,477 |
| | U.S. Department of the Interior | |
| 15. FFB | Coastal Wetlands and Sportfish Educational Activities | 9,180 |
| 15. 605 | Sport Fish Restoration | 3,029,272 |
| 15. 611 | Wildlife Restoration | 3,010,211 |
| 15. 612 | Endangered Species Conservation | 221,658 |
| 15. 916 | Outdoor Recreation-Acquisition, Development and Planning | 87,903 |
| | Total U.S. Department of the Interior | <u>6,358,224</u> |
| | U.S. Department of Transportation | |
| 20. 005 | Boating Safety Financial Assistance | 394,677 |
| 20. 219 | Recreational Trails Program | 220,070 |
| | Total U.S. Department of Transportation | <u>614,747</u> |
| | TOTAL WILDLIFE, FISHERIES AND PARKS | <u>8,393,448</u> |
| | TOTAL EXPENDITURES OF FEDERAL AWARDS | <u>\$ 3,217,394,676</u> |

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$113,363,002 and federal expenditures of \$24,251,392.

@Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

Notes to the Schedules of Expenditures of Federal Awards



STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2000

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.

- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- **Major Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. For the fiscal year 2000 audit, five Type A programs were identified as low risk. Risk Assessments of Type B programs were performed until five high risk Type B programs were identified. Based on preliminary planning, one program (CFDA 93.568) was audited as a Type A program. Final grant expenditures fell below the Type A threshold, making it a Type B program. Federal expenditures, distributions or issuances according to the state's Single Audit Report for the fiscal year ended June 30, 2000, totaled \$3,217,394,676. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$9,600,000. Twenty-nine federal award programs, comprising 23 high risk Type A programs, 5 high risk Type B programs, and the additional Type B program explained above were audited for the State of Mississippi.
 - **Catalog of Federal Domestic Assistance** - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. **Reporting Entity** - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs of the Mississippi Authority for Educational Television and for those programs accounted for in the university funds within the component units section of the financial statements, for the year ended June 30, 2000. The Mississippi Authority for Educational Television engaged other auditors to perform an audit in accordance with OMB Circular A-133; and a separate report was issued October 4, 2000. Expenditures of federal awards provided to the state's public universities and related entities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by March 30, 2001.
- C. **Basis of Accounting** - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary fund types and expendable trust funds. Governmental fund types and expendable trust funds are accounted for by using the modified accrual basis of accounting and proprietary fund types by using the accrual basis of accounting, in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2000, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The food stamp issuance amount included in the accompanying schedules is stated at the face value of the food stamp coupons at the date of issuance.

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:

1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$1,140,277 and donated property for counter-drug activities (CFDA 12.Unknown) of \$156,450. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2000, as charges for sales and services of \$784,000. The amount was based upon handling and shipping costs at the date of transfer to the state.

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for new loans totaling \$2,244,269. Program income generated by the program in previous years was used to make these new loan payments. In subsequent years, the program income generated from the repayment of these loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2000, the outstanding loan balance for the program totaled \$10,802,722.

D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

| | |
|-----------------|-----------------------|
| State Portion | \$ 113,363,002 |
| Federal Portion | <u>24,251,392</u> |
| Total | \$ <u>137,614,394</u> |

E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2000, was \$168,290,354. Total disbursements for new loans for the year ended June 30, 2000, totaled \$15,255,862. Administrative costs associated with the program for the year ended June 30, 2000, totaled \$1,086,531.

F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund - include loans to counties, municipalities, and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2000, was \$21,180,595. Total disbursements for new loans made during fiscal year 2000 totaled \$6,823,049. Administrative costs associated with the program for the year ended June 30, 2000, totaled \$952,760.

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$28,354,994 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.

H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number. A listing of these programs follows:

| CFDA Number | Program Name |
|------------------------|---|
| 10.550 | Food Distribution |
| 10.551 | Food Stamps |
| 10.569 | Emergency Food Assistance Program (Food Commodities) |
| 12.Unknown | Transfer of Excess Personal Property for Counter-Drug Activities |
| 39.003 | Donation of Federal Surplus Personal Property |
| 93.268 | Immunization Grants |
| 93.977 | Preventive Health Services - Sexually Transmitted Diseases Control Grants |

- Note:*
- *CFDA 10.570 — Nutrition Program for the Elderly (Commodities) is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*
 - *CFDA 93.268 — Immunization Grants received \$9,582,400 in both cash assistance and noncash assistance. Cash assistance totaled \$1,955,477 and noncash assistance totaled \$7,626,923.*
 - *CFDA 93.977 — Preventive Health Services - Sexually Transmitted Diseases Control Grants received \$1,015,242 in both cash assistance and noncash assistance. Cash assistance totaled \$903,516 and noncash assistance totaled \$111,726.*

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (continued)**

- I. The State of Mississippi's major federal programs for the year ended June 30, 2000, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA**Number****Program Name**

| | |
|--------|--|
| 10.550 | Food Distribution |
| | Child Nutrition Cluster: |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.559 | Summer Food Service Program for Children |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children |
| 10.558 | Child and Adult Care Food Program |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects |
| 14.239 | HOME Investment Partnerships Program |
| 16.579 | Byrne Formula Grant Program |
| 17.225 | Unemployment Insurance |
| | JTPA Cluster: |
| 17.246 | Employment and Training Assistance - Dislocated Workers |
| 17.250 | Job Training Partnership Act |
| 20.205 | Highway Planning and Construction |
| 66.458 | Capitalization Grants for State Revolving Funds |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Fund |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.048 | Vocational Education - Basic Grants to States |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States |
| 84.181 | Special Education - Grants for Infants and Families with Disabilities |
| 84.340 | Class Size Reduction |
| 93.268 | Immunization Grants |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.568 | Low-Income Home Energy Assistance |
| | Child Care Cluster: |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title IV-E |
| 93.767 | State Children's Insurance Program |

STATE OF MISSISSIPPI**Notes to the Schedules of Expenditures of Federal Awards (concluded)**

CFDA**Number****Program Name**

Medicaid Cluster:

| | |
|--------|---|
| 93.775 | State Medicaid Fraud Control Units |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers |
| 93.778 | Medical Assistance Program |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |
| 93.991 | Preventive Health and Health Services Block Grant |
| 93.994 | Maternal and Child Health Services Block Grant to the States |
| 96.001 | Social Security - Disability Insurance |

(This page left blank intentionally.)

Schedule of Findings and Questioned Costs

Part 1 - Summary of Auditor's Results



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified?

___yes Xno

- Reportable conditions identified that are not considered to be material weaknesses?

Xyes ___none reported

Noncompliance material to financial statements noted?

___yes Xno

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

___yes Xno

- Reportable conditions identified that are not considered to be material weaknesses?

Xyes ___none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the HOME Investment Partnerships (CFDA #14.239) program, which was qualified; and the state's public universities and the Mississippi Authority for Educational Television, for which separate reports will be issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Xyes ___no

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

Identification of major programs:

| CFDA Number | Program Name |
|------------------------|--|
| 10.550 | Food Distribution |
| | Child Nutrition Cluster: |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.559 | Summer Food Service Program for Children |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children |
| 10.558 | Child and Adult Care Food Program |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects |
| 14.239 | HOME Investment Partnerships Program |
| 16.579 | Byrne Formula Grant Program |
| 17.225 | Unemployment Insurance |
| | JPTA Cluster: |
| 17.246 | Employment and Training Assistance - Dislocated Workers |
| 17.250 | Job Training Partnership Act |
| 20.205 | Highway Planning and Construction |
| 66.458 | Capitalization Grants for State Revolving Funds |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Fund |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.048 | Vocational Education - Basic Grants to States |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States |
| 84.181 | Special Education - Grants for Infants and Families with Disabilities |
| 84.340 | Class Size Reduction |
| 93.268 | Immunization Grants |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.568 | Low-Income Home Energy Assistance |
| | Child Care Cluster: |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title IV-E |
| 93.767 | State Children's Insurance Program |

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

| <u>CFDA Number</u> | <u>Program Name</u> |
|------------------------|---|
| | Medicaid Cluster: |
| 93.775 | State Medicaid Fraud Control Units |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers |
| 93.778 | Medical Assistance Program |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |
| 93.991 | Preventive Health and Health Services Block Grant |
| 93.994 | Maternal and Child Health Services Block Grant to the States |
| 96.001 | Social Security - Disability Insurance |

Dollar threshold used to distinguish between
Type A and Type B programs:

\$9,600,000

Auditee qualified as low-risk auditee?

 yes X no

(This page left blank intentionally.)

Schedule of Findings and Questioned Costs

Part 2 - Financial Statement Findings



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has the following designation:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding
Number**

Finding and Recommendation

INFORMATION TECHNOLOGY SERVICES

Reportable Conditions

00- 34 ITS Should Obtain Back-up Power Source

Finding:

During our review of Information Technology Services (ITS), power supply weaknesses were noted. The ITS data center does not have a back-up power source for either mainframe in the form of generators or an uninterruptible power supply (UPS). *Control Objectives for Information and Related Technology* (CobiT), as well as recognized industry best practices, require existence of alternative infrastructure items necessary to ensure continuity of operations.

Recommendation:

We recommend management of Information Technology Services (ITS) evaluate current power needs for systems housed at the ITS processing site. An adequate UPS or alternative power source should be installed to address emergency power needs.

00- 35 ITS Should Implement Employee Termination Procedures

Finding:

During our review of Information Technology Services (ITS), we noted the following weaknesses in the employee termination procedures:

- One retired employee and one terminated employee had active mainframe user ID's.
- System access cards were active for terminated employees.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 2 - Financial Statement Findings - (concluded)

| <u>Finding Number</u> | <u>Finding and Recommendation</u> |
|----------------------------------|--|
| | <p><i>Control Objectives for Information and Related Technology (CobiT), as well as recognized industry best practices, require existence of adequate termination procedures to terminate system access to former employees.</i></p> <p><i>Recommendation:</i></p> <p>We recommend management of Information Technology Services implement procedures to ensure retired or terminated employees' user ID's and access cards are deactivated when an employee leaves service.</p> |

Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings
and Questioned Costs



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510 (a) of OMB Circular A-133.

Findings are grouped by federal funding agency and then organized by state agency with material noncompliance listed first. Other findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one or more of the following designations:

- **Material Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that have a direct and material effect on a major federal program.
- **Immaterial Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

| | |
|--------|-----------------------------------|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.558 | Child and Adult Care Food Program |

Federal Award Number and Year: 3F9326 (Grant Year 1999)
3MS300326 (Grant Year 2000)

00- 13

Internal Controls Over Claims' Reimbursements Should Be Strengthened

Finding:

The United States Department of Agriculture annually publishes in the Federal Register the reimbursement rates it will provide the State for lunches, after school snacks, breakfast, and milk served to children participating in the National School Lunch and School Breakfast Programs, Special Milk Program, or Child and Adult Care Food Program. During our review of the claims for reimbursements paid by the Mississippi State Department of Education - Office of Child Nutrition, we noted the following weaknesses:

- Reimbursement rates and reporting categories were entered into the Management Information System (MIS) database and approved by the same program director.
- There is no random verification of reimbursement rates calculated by MIS to ensure the system is operating properly.
- Reimbursement rates for the Child and Adult Care Food Program (After School Care Program) were not entered into the MIS database. These claims for reimbursement were prepared manually and approved for payment by the same program director.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

The MIS database is utilized to process and calculate the claims for reimbursement for meals, snacks and milk served by subrecipients. Good internal controls require an adequate independent review of work performed be designed to ensure reimbursement rates are accurate. The absence of an independent supervisory review and testing could result in data input and/or processing errors resulting in erroneous reimbursement to subrecipients and these errors not being detected in a timely manner.

Recommendation:

We recommend the Mississippi State Department of Education - Office of Child Nutrition initiate procedures to document supervisory review to ensure all reimbursement rates are properly input into the Management Information Systems' (MIS) database. We also recommend procedures be initiated to ensure the operation of the MIS is tested to ensure the system is processing data correctly. In addition, manually prepared claims for reimbursement should receive a supervisory review. This supervisory review should be documented.

EDUCATION

REPORTING

Reportable Condition

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.558 Child and Adult Care Food Program
- 10.559 Summer Food Service Program for Children

Federal Award Number and Year: 3F9326 (Grant Year 1999)

00- 14

Internal Controls Should Be Established Over Reporting

Finding:

The Code of Federal Regulations [7 CFR 210.5 (d) (2) and (3)] requires state agencies to submit to the Food and Consumer Service (FCS) of the United State Department of Agriculture a quarterly and final Financial Status Report (SF-269) on the use of program funds. In our review of internal control at the Mississippi State Department of Education - Office of Child Nutrition we noted a weakness in the preparation of these reports. Although no errors were found in the report tested, we noted there was no supervisory review and verification of the accuracy of the report prior to submission to the federal funding agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding
Number

Finding and Recommendation

Good internal controls require supervisory reviews of work performed to ensure any errors or omissions are properly detected. Failure to properly report the actual figures on the SF-269 report could impede the United States Department of Agriculture's ability to properly monitor program expenditures.

Recommendation:

We recommend the Mississippi State Department of Education - Office of Child Nutrition establish internal controls over the preparation of the Financial Status Report (SF-269). An employee other than the preparer should review the report for accuracy and completeness prior to submission to the federal funding agency. This employee should document this review by initialing the report.

EDUCATION

REPORTING

Reportable Condition

| | |
|--------|-----------------------------------|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.558 | Child and Adult Care Food Program |

Federal Award Number and Year: 3MS300328 (Grant Year 2000)

00- 15

Special Reports Should Be Accurate and Complete

Finding:

The Code of Federal Regulations [7 CFR section 210.5 (d)(1) and 226.7 (d)], requires the Mississippi State Department of Education - Office of Child Nutrition to complete the Report of School Operations (FNS-10) and the Report of the Child and Adult Care Food Program (FNS-44). During our testwork, the following errors were noted in the agency's preparation of the FNS-10 and FNS-44 reports:

- An increase in meal counts reported on a corrected claim was omitted from an FNS-10, 90-day report;
- Meal counts of 2092 were included twice in the FNS-44, 90-day report; and

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Milk counts of 2197 for a subrecipient which had been previously reported on an FNS 10, 30-day report were not included on the 90-day report. This was the result of an error in the Management Information System (MIS).

Good internal controls require that reports receive adequate supervisory reviews to ensure propriety, and that systems be monitored to ensure data is accurate and complete. Lack of adequate supervisory review of the FNS-10 and FNS-44 reports could result in the submission of incorrect figures to the United States Department of Agriculture.

Recommendation:

We recommend the Mississippi State Department of Education - Office of Child Nutrition exercise greater care when reports are reviewed by supervisory personnel. We further recommend random testing of Management Information System calculations to ensure the system is operating properly.

HEALTH

SUBRECIPIENT MONITORING

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Federal Award Number and Year: 3F9704 10/98 to 9/00

00- 3 Internal Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

The Mississippi Department of Health (agency) does not have adequate policies and procedures in place to ensure subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children receive an audit in accordance with OMB Circular A-133. Per OMB Circular A-133, subrecipients expending over \$300,000 in federal assistance during a fiscal year must have an audit performed in accordance with OMB Circular A-133. Good internal controls requires the agency to have adequate policies and procedures in place to ensure compliance with federal regulations.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Failure to ensure that subrecipients receive an audit in compliance with OMB Circular A-133 could result in noncompliance with program requirements at the subrecipient level.

Recommendation:

We recommend the Mississippi Department of Health strengthen internal controls by establishing policies and procedures to ensure subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children receive an audit in compliance with OMB Circular A-133.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF DEFENSE

CFDA/Finding
Number

Finding and Recommendation

MILITARY DEPARTMENT

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

12.401 National Guard Military Operations and Maintenance (O&M) Projects

Federal Award Number and Year: DAHA22-00-2-1000

00- 16 Suspension and Debarment Clause Should Be Included as a State Contract Provision

Finding:

The Mississippi Military Department is required by the Grant (Cooperative) Agreement to include as a State contract provision a suspension and debarment clause in all contracts issued for the National Guard Military Operations and Maintenance (O&M) Projects program. Testwork for fiscal year 2000 revealed a suspension and debarment clause was not included as a State contract provision in contracts issued for the National Guard Military Operations and Maintenance (O&M) Projects program. Without the inclusion of the suspension and debarment clause, the Mississippi Military Department could enter into a contract with a suspended or debarred party.

Recommendation:

We recommend the Mississippi Military Department include as a State contract provision a suspension and debarment clause for all contracts issued under the Grant (Cooperative) Agreement for the National Guard Military Operations and Maintenance (O&M) Projects program.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA/Finding
Number

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SPECIAL TESTS AND PROVISIONS

Material Noncompliance

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

Questioned Costs: None

00- 4

On-site Inspections Should Be Performed in Accordance with Federal Regulations

Finding:

The Code of Federal Regulations (24 CFR 92.504) requires the Mississippi Development Authority (formerly the Mississippi Department of Economic and Community Development) to perform on-site inspections of rental housing assisted with HOME Investment Partnerships Program funds. The purpose of these inspections is to ensure compliance with property standards and to ensure at least 90 percent of the tenants have annual incomes that do not exceed 60 percent of the median income for the area. Testwork performed revealed 13 of 26 required on-site inspections had not been performed. Without timely inspections, property and income standards may not be maintained.

Recommendation:

We recommend the Mississippi Development Authority conduct on-site inspections to ensure compliance with federal regulations for the HOME Investment Partnerships Program.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION

CFDA/Finding
Number

Finding and Recommendation

TRANSPORTATION

REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE

Reportable Condition

20.205 Highway Planning and Construction

Federal Award Number and Year: Various

00- 1 Internal Controls Over Review of Real Property Acquisitions Should Be Strengthened

Finding:

Section 65-9-19, Miss. Code Ann. (1972), provides that all rights of way for state aid construction projects are to be acquired by county boards of supervisors. When federal funds are provided for construction projects, the Mississippi Department of Transportation - Office of State Aid Road Construction (agency) is responsible for ensuring the counties have acquired rights of way in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. For each acquisition, the agency requires the counties to submit certain pertinent documents. Based on in-house reviews of these documents, agency personnel determine whether federal requirements have been met.

During our testwork on real property acquisition procedures at the agency for fiscal year 2000, we noted the following weaknesses:

- Documentation of written offers to property owners was not on file for 23 out of the 25 purchase acquisitions reviewed.
- Of the 25 parcels of land acquired, 2 had values exceeding the appraisal waiver limit, and 1 of these 2 parcels had no documentation of an appraisal on file.
- For both of the parcels exceeding the appraisal waiver limit, no documentation was on file indicating appraisals had been examined and approved by a review appraiser.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

- Agency personnel were determining whether property values fell below the appraisal waiver limit based upon the amount paid for the property instead of using the just compensation amount established for the property and documented in the written offer.

The Code of Federal Regulations (49 CFR 24.102) states "Before the initiation of negotiations, the agency shall establish an amount which it believes is just compensation for the real property. The amount shall not be less than the approved appraisal of the fair market value of the property, taking into account the value of allowable damages or benefits to any remaining property. Promptly thereafter, the agency shall make a written offer to the owner to acquire the property for the full amount believed to be just compensation." It further states that before the initiation of negotiations, the real property to be acquired shall be appraised, except when the owner is donating the property or when the agency determines an appraisal is unnecessary because the fair market value is estimated to be less than the appraisal waiver limit. The Code of Federal Regulations (49 CFR 24.104) also states a qualified reviewing appraiser shall examine all appraisals to assure the appraisals meet applicable requirements.

The agency's standard operating procedures require counties to furnish documentation of compliance with federal regulations, including copies of appraisals, review appraisers' reports, as well as written offers made to property owners. Without these documents, the agency cannot verify that real property acquisitions have been completed in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction continue its efforts to strengthen controls over the review of real property acquisitions. These controls should include, but are not limited to, the following:

- Develop procedures to ensure all required documents are submitted by counties to determine compliance with real property acquisition regulations.
- Implement procedures to ensure counties obtain the proper examination of appraisals by qualified review appraisers.
- Determine whether acquisition amounts fall below the appraisal waiver limit based on the compensation amount per the written offer.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

TRANSPORTATION

SUBRECIPIENT MONITORING

Reportable Condition

20.205 Highway Planning and Construction

Federal Award Number and Year: Various

00- 10 Internal Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

OMB Circular A-133 requires subrecipients receiving over \$300,000 in Federal awards during the fiscal year to obtain a single audit. This requirement includes (for fiscal years beginning on or before June 30, 1998) a provision that an audit report be submitted within the earlier of 30 days after receipt of the auditor's report, or 13 months after the end of the audit period. In addition, the Circular requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient implements appropriate timely corrective action.

Testwork performed on subrecipient monitoring at the Mississippi Department of Transportation revealed the following weaknesses in internal controls:

- One subrecipient audit out of 11 tested was not obtained in a timely manner. The report, which was due to the department by December 31, 1999, was not received until May 9, 2000.
- The department did not include the requirement to comply with the audit requirements of OMB Circular A-133 in agreements with the metropolitan planning organizations, cities, and subrecipients receiving planning and research funds.

Failure to ensure receipt of subrecipient audits in a timely manner increases the potential for noncompliance to occur without being detected promptly by the Mississippi Department of Transportation.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Transportation strengthen internal controls to ensure subrecipients submit audit reports in a timely manner. We further recommend the department include in agreements with all subrecipients the requirement to comply with OMB Circular A-133 audit requirements.

TRANSPORTATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

20.205

Highway Planning and Construction

Federal Award Number and Year: Various

00- 2

Internal Controls over Sampling and Testing of Materials Should Be Strengthened

Finding:

The Code of Federal Regulations (23 CFR 637.205) states that a Department of Transportation must have a sampling and testing program for projects to ensure that materials and workmanship generally conform to approved plans and specifications. The Mississippi Department of Transportation - Office of State Aid Road Construction's (agency) standard operating procedures establish guidelines for sampling and testing frequencies of materials on a project. All sampling and/or testing is the responsibility of the county engineer. One copy of the test report is required to be submitted to the agency for its project record files. Based on in-house reviews of these test reports, agency personnel should determine whether the guidelines have been met. We selected a total of 40 pay items from 10 projects in order to determine if the number of tests required by the agency were performed by county engineers. We noted for 3 out of 40 pay items tested, a sufficient number of sampling test reports were not on file.

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction strengthen internal controls to ensure sufficient sampling and testing is performed on materials and that all required test reports are submitted by the counties.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

TRANSPORTATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

20.205

Highway Planning and Construction

Federal Award Number and Year: Various

00- 11

Internal Controls over Independent Assurance Sampling and Testing Should Be Strengthened

Finding:

The Code of Federal Regulations (23 CFR 637.205) indicates that each state highway agency shall develop a sampling and testing program which will provide assurance that the materials and workmanship incorporated in each federal aid highway construction project are in reasonable close conformity with the requirements of the approved plans and specifications, including approved changes. Job control (acceptance) samples and tests are used for determining the quality and acceptability of the materials and workmanship which have been or are being incorporated in the project. Independent assurance samples and tests are performed by personnel who do not normally have direct responsibility for job control (acceptance) sampling and testing. They are used for the purpose of making independent checks on the reliability of the results obtained in job control (acceptance) sampling and testing and not for determining the quality and acceptability of the materials and workmanship directly.

Mississippi Department of Transportation S.O.P. number TMD-06-01-00-000 requires form TMD-890 (Worksheet for Comparison of Independent Assurance Sample With Job Control Acceptance Sample) to be completed by the District Materials Engineer, and copies are to be sent to the State Materials Engineer. These forms are prepared for split samples and are used to compare the Independent Assurance Sample with the Job Control Acceptance Sample. The comparison will be noted as favorable or nonfavorable. Nonfavorable comparisons must state the cause and have a corrective action plan. They are to be reviewed and followed up on by the State Materials Engineer, if deemed necessary.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

During our review of the Independent Assurance Sampling and Testing Program, we noted the materials division did not have adequate controls in place to ensure all TMD-890s were received from the District Materials Engineers. We reviewed 38 test reports taken from 19 nonexempt projects (includes projects on an Interstate route or projects on a NHS-Non Interstate route costing more than \$5 million). On 6 separate projects, for 8 of the split samples tested, the State Materials Engineer could not locate the file copy of the TMD-890s. On 1 of the projects, for 2 of the split samples tested, the TMD-890s were not signed by the designated technician.

Recommendation:

We recommend the Mississippi Department of Transportation strengthen controls to ensure all samples tested by split sample have a TMD-890 prepared and submitted to the State Materials Engineer. We further recommend controls be strengthened to ensure the TMD-890s are reviewed by the designated person, as indicated by initials/signature of the reviewer.

TRANSPORTATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

20.205 Highway Planning and Construction

Federal Award Number and Year: Various

00- 12 Independent Assurance Samples and Tests Should Be Performed in Accordance with Guidelines

Finding:

The Code of Federal Regulations (23 CFR 637.205) indicates that each state highway agency shall develop a sampling and testing program which will provide assurance that the materials and workmanship incorporated in each federal aid highway construction project are in reasonable close conformity with the requirements of the approved plans and specifications, including approved changes. It further states that each state's job control (acceptance) and independent assurance sampling and testing program shall provide for frequency guide schedules for job control (acceptance) and independent assurance sampling and testing which will give the frequency requirements to personnel responsible for the program.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION (concluded)

CFDA/Finding
Number

Finding and Recommendation

Job control (acceptance) samples and tests are used for determining the quality and acceptability of the materials and workmanship which have been or are being incorporated in the project. Independent assurance samples and tests are performed by personnel who do not normally have direct responsibility for job control (acceptance) sampling and testing. They are used for the purpose of making independent checks on the reliability of the results obtained in job control (acceptance) sampling and testing and not for determining the quality and acceptability of the materials and workmanship directly.

Based on our review of the "Independent Assurance Section Final Report of Closed Projects" at the Mississippi Department of Transportation, instances were noted on 6 of the 19 nonexempt projects (includes projects on an Interstate route or projects on a NHS-Non Interstate route costing more than \$5 million) closed during our fiscal year in which the number of independent assurance tests were not performed in accordance with the appropriate frequencies specified in S.O.P. number TMD-06-02-00-000.

For 2 of these 6 projects with deficiencies, the report indicated no Independent Assurance Sampler was available to perform the required tests. No explanation was documented on the report for the other 4 projects which had a deficient number of test reports.

Recommendation:

We recommend the Mississippi Department of Transportation establish control procedures to ensure that independent assurance samples and tests are performed in accordance with the established guidelines. Explanations for any significant deficiencies in the number of samples and tests performed from the number recommended should be documented.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION

CFDA/Finding
Number

Finding and Recommendation

REHABILITATION SERVICES

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States

Federal Award Number and Year: Various

00- 31 **Internal Controls Over Comparable Services and Benefits Should Be Strengthened**

Finding:

According to the Code of Federal Regulations (34 CFR 361.53), prior to providing any vocational rehabilitation services to an eligible individual, except for certain services, the state shall determine whether comparable services and benefits exist under any program and whether those services and benefits are available to the individual. If comparable services and benefits exist under any program and are available to the eligible individual, the state shall use those comparable services or benefits to meet, in whole or in part, the cost of vocational rehabilitation services.

During our review of case files for the Rehabilitation Services - Vocational Rehabilitation Grants to States (VR) program at the Mississippi Department of Rehabilitation Services, we noted 3 instances out of 23 case files examined, or 13 percent, in which an individual was identified as having medical insurance, but there was no documentation indicating the insurance company had been contacted by the counselor to determine whether the insurance would or would not pay on the services. By utilizing comparable services and benefits under other programs, costs to the VR program would be reduced.

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services strengthen internal controls to ensure the case files for the VR program include enough support to document what the counselor did to determine whether comparable services and benefits were available to the individual.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

| | |
|--------|--|
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.568 | Low-Income Home Energy Assistance |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title IV-E |

Federal Award Number and Year: Various

00- 17 Controls over Cost Allocation Plan Should Be Strengthened

Finding:

Testwork on the cost allocation plan at the Mississippi Department of Human Services revealed the agency had over \$4,000 in costs charged from July 1999 to June 2000 to three cost pools that were not approved by the federal government. The agency had not submitted information to the federal government for approval of these three cost pools as of June 30, 2000. Although the agency had established procedures for amending its cost allocation plan, these procedures were not effective in ensuring amendments were reviewed by management and submitted promptly to the federal government. In addition, statistical units used in the cost allocation process were not reviewed by agency personnel for accuracy.

Internal control guidelines in the Office of Management and Budget (OMB) Circular A-133 state management should monitor control procedures to ensure the quality of internal control performance over a period of time. In addition, OMB Circular A-87, Attachment A, requires the distribution of any joint costs related to a grant program to be supported by a cost allocation plan. Any costs charged to a cost pool that is not approved by the federal grantor agency may result in unallowed costs.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services exercise greater care in monitoring changes to its cost allocation plan. Management should routinely review the plan to identify when changes are needed. Management should perform a review of amendments/changes to the cost allocation plan prior to submission to the federal government for approval. The employee performing this review should initial and date the amendments to provide evidence of the review. When new cost pools are established or when changes have been identified, the agency should promptly request federal approval and provide all needed information to the federal government.

Agency personnel should review computations (statistical units) used in the cost allocation process to ensure accurate distribution of costs to federal programs.

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: G-00-04-MS-4004, 2000

00- 18

Controls over Child Support Enforcement Expenditures Should Be Strengthened

Finding:

During testwork performed on 40 expenditures of the Child Support Enforcement program at the Mississippi Department of Human Services, we noted the following weaknesses:

- In two instances, the incorrect reporting category (coding error) was used, resulting in \$2,000 being charged to 100 percent federal funds. The correct coding should have been 66 percent. The errors caused a \$680 overcharge to the federal program.
- In three instances, there was no evidence program personnel reviewed the expenditures for allowable costs.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- In one instance, there was no evidence the expenditure had been reviewed by either program personnel or accounting personnel for allowable costs.
- In three instances, there was no indication of review by program personnel for all invoices for genetic testing and court fees included in the batch.

Good internal controls require documented reviews of all expenditures to provide reasonable assurance federal awards are expended only for allowable activities. These reviews should be performed by individuals knowledgeable of program requirements. Without a review by program personnel, federal funds could be expended for services not allowed under the grant agreement. Also, without a review by program personnel of all invoices for genetic testing and court fees, the agency could remit payment for cases not under the jurisdiction of the Mississippi Department of Human Services.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen internal controls over Child Support Enforcement program expenditures. Procedures should include, but not be limited to, the following:

- Forward all expenditures related to the Child Support Enforcement program, other than administrative expenditures that are of a general nature to the operation of the agency, to the Child Support program staff for review and approval. Invoices for genetic testing and court fees should be included.
- Document program personnel review of expenditures on the face of the invoice or on the appropriate form.
- Exercise greater care when reviewing expenditures to ensure proper coding.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

ELIGIBILITY

Reportable Condition

93.658

Foster Care–Title IV-E

Federal Award Number and Year: 0001-MS-1401, 2000
0001-MS-1404, 2000

00- 19

Controls over Licensing Foster Care Homes Should Be Strengthened

Finding:

We selected 32 foster homes and 8 facilities for eligibility testwork at the Mississippi Department of Human Services. We noted the following problems with the foster care home cases examined:

- In one instance, the foster parent license on file was not current.
- In one instance, the foster parent's license on file was not signed.
- In two instances, the 12 hours of required training for foster care parents was not documented.
- In one instance, the Foster Care Home Re-evaluation Report form on file was not completed or signed and dated by the social worker.

The foster care procedures manual, Volume IV, Section K, contains the agency's policies for licensing foster care homes and facilities. Failure to follow these established policies could allow foster care children to be placed in homes or facilities which have not met eligibility standards.

Failure to maintain complete records could result in the loss of vital documentation and hamper the agency's ability to ensure only eligible homes and facilities receive federal assistance.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls to ensure existing policies are followed when evaluating and licensing foster care homes and facilities.

HUMAN SERVICES

ELIGIBILITY

Reportable Condition

93.658

Foster Care–Title IV-E

Federal Award Number and Year: 0001-MS-1401, 2000
0001-MS-1404, 2000

00- 20

Controls over Review of Foster Care Children Case Files Should Be Strengthened

Finding:

We selected 40 foster care children case files for testing eligibility procedures at the Mississippi Department of Human Services. We noted the following problems:

Eligibility Evidence

- In four instances, no birth certificates were in the case files. In one of these cases, there was a discrepancy in the child's birth date on the agency's eligibility determination checklist, the agency's Authorization Form 190F and the application for social security card.
- In two instances, there was no social security card or application for a social security card in the case files.
- In four instances, the agency Form DHS-EA-323, Budget Information Sheet, was not in the case files. The form is used to calculate income eligibility.
- In two instances, there was no proof of income in the case files.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Court Orders

- In two instances, the court order in the case file did not contain the required verbiage for Title IV-E funding.
- In two instances, the court order was not in the case file.

Section E, Volume IV, of the agency's foster care procedures manual addresses specific records that are required to be kept in each child's case file. These records include documented evidence of the child's birth date, a copy of the child's social security card or a copy of the application for the card, and verification of income and resources. This section also describes the specific language requirements of court orders in determining Title IV-E eligibility.

Good internal controls dictate supervisory personnel review case files to ensure the accuracy and completeness of data used to determine eligibility. The lack of reviews could allow incomplete case files to be processed by the agency. Incomplete case information could also allow incorrect board rates to be paid or could allow Title IV-E funds to be paid on behalf of a child who is not eligible.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen internal controls over the supervisory review of foster care case files to ensure eligibility determinations are accurate, complete and adhere to applicable requirements. When changes are made to existing case files, supervisory personnel should review the original case files for completeness before approving the change request Form 190-F.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Immaterial Noncompliance

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year: G-9901MSCCDF, G-9901MSCCD2,
FY 1999, G-0001MSCCDFA,
G-0001MSCCDFB
G-0001MSCCD2, FY 2000

Questioned Costs: \$ 248,202

00- 30 Federal Funds Should Be Used within the Period of Availability

Finding:

During testwork on the 1996 Child Care and Development Block Grant at the Mississippi Department of Human Services, we noted six adjustments totaling \$248,202 which were posted to the grant after the period of availability for the funds. These adjustments were made to move the excess administrative expenditures (those which exceeded the 15 percent cap) from the 1996 grant to the 1998 and 2000 grants.

45 CFR Section 98.60 (Final Rules effective August 4, 1992 which govern this grant) states that the block grant funds are available for use by the Grantee only after the funds are made available by Congress for federal obligation. When the 1996 grant expenditures were incurred, the 1998 and 2000 block grant funds had not yet been made available by Congress for federal obligation or disbursement.

The adjustments made to this grant could result in unallowable costs and/or the administrative expenditures on the grant to which the costs were transferred being overstated also.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services reimburse the federal government for the amount of administrative expenditures that exceeded the 15 percent cap on the 1996 Child Care and Development Block Grant. Agency personnel should closely monitor the administrative expenditures being charged to the grant to ensure that the expenditures do not exceed the maximum allowed in the future.

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.558

Temporary Assistance for Needy Families

93.563

Child Support Enforcement

Federal Award Number and Year: G-00-04-MS-4004, 2000,
0001MSTANF

00- 21

Certification Regarding Suspension and Debarment Should Be Included in Contracts

Finding:

Testwork performed at the Mississippi Department of Human Services revealed the Division of Child Support Enforcement and the Division of Economic Assistance did not include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction" in awarded contracts. The Code of Federal Regulations (45 CFR Part 76) states contractors receiving awards for \$100,000 or more are required to certify the organization is not presently suspended or debarred. Failure to comply with federal regulations could result in contracts being awarded to suspended or debarred parties.

Recommendation:

We recommend the Mississippi Department of Human Services include the clause entitled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction" in request for proposals and/or contracts as required by federal regulations.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.658

Foster Care Title IV-E

Federal Award Number and Year: 0001-MS-1401, 2000
0001-MS-1404, 2000

00- 22

Competitive Procurement Practices Should Be Followed for the Foster Care Program

Finding:

The Mississippi Department of Human Services - Division of Families and Children did not award fiscal year 2000 service contracts for the foster care program in a competitive manner. Although agency management reviewed procurement decisions for compliance with federal regulations, management made the decision to renew existing contracts and not seek competitive bids for services.

The Code of Federal Regulations (45 CFR 74.43) states all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Failure to comply with federal procurement regulations could result in an unfair competitive advantage for some contractors and impair the agency's objectivity in evaluating contractor performance.

Recommendation:

We recommend the Mississippi Department of Human Services - Division of Families and Children Services follow competitive bidding procedures in the awarding of all contracts for the foster care program.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

REPORTING

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: 9901MSTANF

00- 23

TANF Federal Reports Should Agree with Accounting Records

Finding:

Expenditures reported to the federal grantor for the period ended June 30, 2000, by the Mississippi Department of Human Services on the Temporary Assistance for Needy Families (TANF) quarterly financial report (ACF-196) did not agree with agency accounting records. Modifications were made to the expenditure reports; however, these modifications were not reflected on the agency's accounting records. Good internal controls dictate financial information reported to the federal grantor should agree with agency records. Control procedures should be in place to ensure agency records accurately reflect actual expenditures as reported to the federal grantor.

Recommendation:

We recommend the Mississippi Department of Human Services establish control procedures to ensure agency records accurately reflect expenditures as reported to the federal grantor. Differences between the agency accounting records and federal reports should be resolved timely.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

| CFDA/Finding Number | Finding and Recommendation |
|------------------------|--|
| | <u>HUMAN SERVICES</u> |
| | REPORTING |
| | <i>Reportable Condition</i> |
| 93.563 | Child Support Enforcement Federal Award Number and Year: G-00-04-MS-4004, 2000 |
| 00- 24 | <u>Data Used to Prepare Reports Should Be Accurate</u> <i>Finding:</i> Review of the Mississippi Enforcement Tracking Support System (METSS) at the Mississippi Department of Human Services revealed problems in the accuracy of the data generated by the system. Testwork performed on the system revealed that adjustments to child support payments resulted in inflated collection totals. This resulted in increases in collections that rarely tied to the actual adjustment amount (users of the collection data must take into consideration the offsetting adjustments to establish a true total collection amount). Management has indicated these inflated totals are not being used in any reporting information submitted to the federal grantor agency. However, good internal controls would require that accounting records and supporting documentation accurately reflect transactions which have occurred. <i>Recommendation:</i> We recommend the Mississippi Department of Human Services - Division of Child Support Enforcement redesign its current data reporting system within METSS to correctly state actual collections and accurately show valid adjustments. |

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

REPORTING

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: G-00-04-MS-4004, 2000

00- 25

An UPS Should Be Installed for Computer and Support Equipment

Finding:

Review of the Mississippi Enforcement Tracking System (METSS) at the Mississippi Department of Human Services (MDHS) revealed a lack of an uninterruptible power supply (UPS) for computer and support equipment housed at the Mississippi Department of Information Technology Services. Control Objectives for Information Technology (COBIT) issued by Information Systems Audit and Control Association mandates that a battery backup or generator system be installed to support computer equipment. The lack of an UPS means the data center equipment dedicated to the support of MDHS is not adequately protected against power outage.

Recommendation:

We recommend the Mississippi Department of Human Services confer with the Mississippi Department of Information Technology Services to ensure that a battery back-up and/or generator system be installed to protect MDHS computer and support equipment in case of power failure. The backup unit should be a size capable of supporting the needed resources until power is restored or the system is shut down in a planned organized manner.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

REPORTING

Reportable Condition

93.658

Foster Care – Title IV-E

Federal Award Number and Year: 0001-MS-1401, 2000

00- 26

Controls over Reporting Should Be Strengthened

Finding:

The Mississippi Department of Human Services did not have adequate internal controls in place to ensure the accuracy of the quarterly federal financial reports (IV-E-1) for the Foster Care Program. In performing the reporting testwork at the agency, the IV-E-1 report and supporting documentation for the quarter ending 12/31/99 was reviewed. The accompanying supporting documentation included a current quarter adjustment recommended by the Institute for Health and Human Services (IHHS), a third party contractor that determines eligibility for the foster care program. The auditors noted numerous errors in the computation of the adjustment by IHHS, which were not detected by agency personnel prior to submission of the IV-E-1 report to the federal grantor. The agency included the adjustment prepared by IHHS on the federal report. However, the adjustment was not posted to the accounting records. Therefore, the expenditures reported on the federal financial report did not agree with the agency's accounting records.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen internal controls over federal financial reporting to ensure expenditures reported on the IV-E-1 quarterly federal financial reports for the Foster Care Program are accurate and agree with the agency's accounting records.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HUMAN SERVICES

REPORTING

Reportable Condition

93.568

Low-Income Home Energy Assistance

Federal Award Number and Year: G-00B2MSLIEA, G-00B1MSLIEA
G-0001MSLIE3 FY 2000

00- 27

Federal Reports Should Be Prepared in Accordance with Program Laws and Regulations

Finding:

Title 45 of the Code of Federal Regulations, Part 96 Section 96.82, states the "Annual Report of Households Assisted by LIHEAP" should be prepared using a federal fiscal year, October through September. The instructions for completing the report also state the data is to be compiled for the 12-month period prior to the federal fiscal year (October 1 - September 30) for which the funds are being requested. Per review of the 1999 report and discussion with agency personnel, the Mississippi Department of Human Services prepared the report on a calendar year basis (January 1, 1999 through December 31, 1999). The report should have included households assisted by the agency for the period of October 1, 1998 through September 30, 1999.

Recommendation:

We recommend the Mississippi Department of Human Services Division of Community Services prepare the "Annual Report of Households Assisted by LIHEAP" in accordance with federal regulations and requirements.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

| <u>CFDA/Finding Number</u> | <u>Finding and Recommendation</u> |
|--------------------------------|---|
| | <u>HUMAN SERVICES</u> |
| | SUBRECIPIENT MONITORING |
| | <i>Reportable Condition</i> |
| 93.568 | Low-Income Home Energy Assistance |
| 00- 28 | <u>Monitoring Procedures over Redetermining Eligibility Should Be Strengthened</u> |
| | <i>Finding:</i> |
| | Testwork performed on subrecipient monitoring for the Low-Income Home Energy Assistance (LIHEAP) program at the Mississippi Department of Human Services revealed ten out of ten instances in which agency monitors failed to redetermine eligibility as outlined in the State Plan. Section IX of the State Plan outlines the criteria for determining eligibility that should be used by the subrecipients. The monitors should use the same criteria to redetermine eligibility during the monitoring process. Failure to redetermine eligibility could result in subrecipients incorrectly calculating eligibility or allowing ineligible persons to receive LIHEAP benefits. |
| | <i>Recommendation:</i> |
| | We recommend the Mississippi Department of Human Services strengthen monitoring procedures for the Low-Income Home Energy Assistance program to include redetermination of eligibility and document the calculations performed to support the results. |

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

| | |
|--------|---|
| 93.558 | Temporary Assistance for Needy Families |
| 93.568 | Low-Income Home Energy Assistance |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 00- 29 | <u>Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements</u> |

Finding:

The Mississippi Department of Human Services provided multiple subrecipients \$300,000 or more of federal financial assistance through a variety of federal programs during fiscal year 1998. Office of Management and Budget Circular A-133 requires the primary recipient of federal funds to determine whether subrecipients have met the appropriate audit requirements. These requirements include (for fiscal years beginning on or before June 30, 1998) a provision that an audit report be submitted within the earlier of 30 days after receipt of the auditor's report, or 13 months after the end of the audit period. In addition, the Circular requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient implements appropriate timely corrective action.

Our review of internal controls indicated the following weaknesses:

- Agency personnel did not verify the amount of federal financial assistance expended, as reported by the subrecipient on the Subrecipient Audit Information Form. This verification should be performed to determine which subrecipients require an audit.
- The agency had not implemented an effective procedure for documenting the fiscal year-end for each new subrecipient. The subrecipient's fiscal year-end was obtained from the subrecipient's audit report or from the Subrecipient Audit Information Form submitted after the fiscal year ended.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Based on our testwork, 2 of 15 subrecipients tested did not submit their 1998 audit reports in a timely manner, and the agency did not perform follow up procedures in a timely manner. For 5 of the 15 subrecipients tested, the agency's review of the audit reports was performed six months or more after the agency received the reports. Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, noncompliance with federal regulations by subrecipients could occur and not be detected.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen internal controls over subrecipient monitoring by performing the following:

- Develop specific procedures for documenting a new subrecipient's fiscal year-end. This information should be included on the subrecipient's contract and entered into the agency's subrecipients audit tracking list at the inception of the contract.
- Mail letters to subrecipients approximately two to three months prior to the due date of the audit reports to remind them of the single audit requirements. The letters should include the due date of the audit report. This due date should also be included in the agency's audit tracking list.
- Implement procedures to ensure reviews of subrecipient audits are completed timely. The appropriate program divisions within the agency should be notified of any subrecipient audit findings and should resolve these findings within six months of receipt of the report by the agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

MEDICAID

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition / Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

Questioned Costs: \$914,760

00- 5

Controls Should Be Strengthened to Ensure Inpatient Hospital Rates are Computed Accurately

Finding:

At the Office of the Governor - Division of Medicaid, we noted 7 of the 20 inpatient hospital per diem rates tested were not calculated in accordance with the Mississippi Medicaid State Plan. We noted the following problems:

- The wage factor used in calculating the per diem rates was not calculated correctly. This affected six hospital rates;
- One instance in which "Neuro ICU" figures were incorrectly added to "Nursery"; and
- One instance in which "Newborn Days" were carried forward incorrectly to the rate setting data sheet.

Using the total number of days paid for claims submitted by hospitals for the service period July 1, 1999, through June 30, 2000, the total estimated questioned costs for the sample tested calculated to be \$914,760, of which \$702,536 represents the federal share.

Rate setting data sheets are used to calculate hospital per diem rates. Due to the nature of the errors, it may be necessary for the agency to recalculate per diem rates for all inpatient hospitals.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls to ensure all inpatient hospital per diem rates are calculated in accordance with the Mississippi Medicaid State Plan. We further recommend the agency consider the necessity of recalculating inpatient hospital rates for fiscal year 2000. Documentation of any adjustments made for fiscal year 2000 claims should be provided to auditors by the agency for follow-up purposes.

MEDICAID

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition / Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

Questioned Costs: \$112,258

00- 6

Controls Should Be Strengthened to Ensure Reimbursement of Physician
Emergency Room Claims Follow the State Plan

Finding:

The Office of the Governor - Division of Medicaid did not properly reimburse claims for certain physician emergency room visits. Copayment amounts for these physician emergency room procedure codes were not properly set in the computer system. The Mississippi Medicaid State Plan, Attachment 4.18-A, indicates the copayment amount for emergency room visits should be \$2.00 per visit. The copay indicator in the Medicaid Management Information System (MMIS) was set to "0", causing incorrect reimbursement for these emergency room claims because the copayment was not taken and was not used in calculating the reimbursement amount. This error resulted in overpayment of approximately \$112,258, of which \$86,214 represents the federal share. It should be noted agency personnel updated the copay indicator in MMIS after the auditors brought this to their attention in order for a copayment to be taken on these procedure codes.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls over calculation of reimbursements for physician emergency room visits by ensuring the proper copay indicators are set in the MMIS.

MEDICAID

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition / Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

Questioned Costs: \$3,568,490

00- 7

Controls Should Be Strengthened to Ensure Long-Term Care Facility Rates are Calculated in Accordance with the State Plan

Finding:

During our audit at the Office of the Governor - Division of Medicaid, we noted long-term care facility per diem rates for fiscal year 2000 were not calculated in accordance with the Mississippi Medicaid State Plan. The following problems were noted:

- The rates for two state-owned long-term care facilities were not based on actual allowable costs as required by the Mississippi Medicaid State Plan. This resulted in overpayments to 2 of 20, or 10 percent, of the long-term care facilities included in our audit testwork. The total overpayment to long-term care facilities tested was \$3,609,388, of which \$2,772,010 represents the federal share.
- The trend factor that was used to calculate the direct care and administrative per diem rates was not correctly calculated. This error resulted in underpayments to 16, or 80 percent, of the long-term care facilities included in our audit testwork. The total underpayment to long-term care facilities tested was calculated to be \$40,898, of which \$31,410 represents the federal share.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls to ensure per diem rates for long-term care facilities are calculated in accordance with the Mississippi Medicaid State Plan. We further recommend the agency consider the necessity of recalculating long-term care facility rates for fiscal year 2000. Documentation of any adjustments for fiscal year 2000 claims should be provided to auditors for follow-up purposes.

MEDICAID

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

00- 8

Controls Should Be Strengthened to Ensure Reimbursement of Pharmacy Claims Follow the State Plan

Finding:

The Office of the Governor - Division of Medicaid did not properly reimburse pharmacy claims. The Mississippi Medicaid State Plan, Attachment 4.19-B, states that the payment methodology should be the lower of the Federally-mandated upper limits plus a dispensing fee, the Mississippi Estimated Acquisition Cost plus a dispensing fee, or the provider's usual and customary charge. Our testwork revealed the agency's claims payment system, Mississippi Management Information System (MMIS), was not selecting the lower of the Federally-mandated upper limits or the Mississippi Estimated Acquisition Cost. Instead it was defaulting to the Federally-mandated upper limit and paying the lessor of that amount or the provider's usual and customary charge. The effect of this error was the agency incorrectly reimbursed some pharmacy claims. It was not considered practical to determine the amount improperly paid.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls to ensure reimbursement of pharmacy claims complies with the State Plan.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

MEDICAID

SPECIAL TESTS AND PROVISIONS

Reportable Condition

93.778

Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

00- 9

Controls Should Be Strengthened to Ensure Audits of Long-Term Care Facility Cost Reports are Performed in Accordance with the State Plan

Finding:

The Office of the Governor - Division of Medicaid failed to conduct audits of long-term care facility cost reports in accordance with the Mississippi Medicaid State Plan. Attachment 4.19D, page 22, states "audits will be performed each year on at least 25 percent of the long-term care facilities certified for Title XIX." For fiscal year 2000, the Division of Medicaid certified 197 long-term care facilities; 49 should have received a cost report audit. Review of agency records revealed that none of the long-term care facilities were scheduled to be audited. In addition, the agency has not completed the required audits for long-term care facilities selected in fiscal years 1998 and 1999. Failure to conduct audits of at least 25 percent of long-term care facilities annually results in noncompliance with the State Plan, and furthermore, could result in inaccurate payments to providers due to the possibility of unallowable costs being reported in provider cost reports.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid strengthen controls to ensure compliance with the Mississippi Medicaid State Plan by ensuring that all required audits of long-term care facility costs reports are performed.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

MENTAL HEALTH

CASH MANAGEMENT

Reportable Condition

93.959

Block Grant for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 99B1MSSAPT 1999

00- 32

Controls Should Be Established to Ensure Compliance with the Treasury State Agreement

Finding:

Testwork performed at the Mississippi Department of Mental Health for fiscal year 2000 revealed the following weaknesses:

- The agency failed to request federal funds for the Block Grant for Prevention and Treatment of Substance Abuse (SAPT) program in accordance with the Treasury-State Agreement.
- Documentation was not maintained for several draws of federal funds to support the amount of federal funds requested.

An amendment to the Treasury-State Agreement, effective July 1, 1998, documented the average day of clearance for the SAPT program to be three days. However, for 5 out of the 15 draws tested, the agency failed to draw funds using the three-day clearance pattern. Funds were drawn after the three-day clearance. This appears to be a result of the agency's not having an employee trained to make the draws in the absence of the person who normally makes the draws. In addition, the agency failed to maintain supporting documentation for 4 of the 15 draws tested. We further noted the agency drew approximately \$1.3 million between the months of August 1999 and November 1999 for expenditures that were not actually incurred until later November and December. Good internal controls dictate procedures be in place to ensure funds are drawn in accordance with the Treasury-State Agreement and supporting documentation be maintained on file for all draws made. Failure to comply with the Treasury-State Agreement could result in the State incurring unnecessary interest expense.

STATE OF MISSISSIPPI

Schedule of Findings and Questioned Costs

Part 3 - Federal Award Findings and Questioned Costs (concluded)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

CFDA/Finding
Number

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Mental Health establish control procedures to ensure federal funds are drawn in accordance with the Treasury-State Agreement. Documentation should be maintained to support the amount of federal funds requested. We further recommend the agency ensure employees are adequately trained so that draws are made timely.

MENTAL HEALTH

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

93.959

Block Grant for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 99B1MSSAPT 1999

00- 33

Controls over Earmarking and Level of Effort Requirements for HIV Services Should Be Strengthened

Finding:

Federal regulations (42 USC 300x - 24b) require the state to expend not less than two percent nor more than five percent for HIV services from the Block Grant for Prevention and Treatment of Substance Abuse (SAPT). Federal regulations (42 USC 300x - 30) also require the state to maintain expenditures for HIV services at a level that is not less than the average level of such expenditures maintained by the State for the two-year period proceeding the first fiscal year for which the State received such a grant. The Mississippi Department of Mental Health did not identify expenditures for HIV services for the 1999 SAPT block grant nor any previous year's block grants. Without proper documentation, we were unable to determine whether the earmarking or level of effort requirements were met.

Recommendation:

We recommend the Mississippi Department of Mental Health identify expenditures for HIV services provided in order to ensure the earmarking and level of effort requirements are met in accordance with federal regulations.

II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2000

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number, and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. "Fully Corrected" - All corrective action has been taken.
 - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
 - c. "Not Corrected" - Corrective action has not been taken.
 - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
 - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

INDEX LISTED BY FINDING NUMBER

| <u>FINDING NUMBER</u> | <u>STATE GRANTEE AGENCY NAME</u> | <u>PAGE NUMBER</u> |
|----------------------------------|---|-------------------------------|
| 98-12 | Mental Health | 120 |
| 98-13 | Mental Health | 120 |
| 98-15 | Health | 109 |
| 98-26 | Mississippi Development Authority* | 105 |
| 98-27 | Mississippi Development Authority* | 105 |
| 98-29 | Human Services | 111 |
| 98-34 | Human Services | 111 |
| 98-35 | Human Services | 112 |
| 98-38 | Rehabilitation Services | 123 |
| 99-01 | Health | 109 |
| 99-02 | Education | 107 |
| 99-03 | Education | 107 |
| 99-04 | Education | 107 |
| 99-05 | Rehabilitation Services | 123 |
| 99-06 | Rehabilitation Services | 123 |
| 99-07 | Corrections | 103 |
| 99-08 | Corrections | 103 |
| 99-09 | Mental Health | 119 |
| 99-10 | Mental Health | 119 |
| 99-11 | Transportation | 125 |
| 99-12 | Transportation | 125 |
| 99-13 | Medicaid | 117 |
| 99-14 | Medicaid | 117 |

* Mississippi Development Authority was formerly the Mississippi Department of Economic and Community Development.

STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by Finding Number (concluded)

| <u>FINDING NUMBER</u> | <u>STATE GRANTEE AGENCY NAME</u> | <u>PAGE NUMBER</u> |
|----------------------------------|---|-------------------------------|
| 99-15 | Medicaid | 118 |
| 99-16 | Medicaid | 118 |
| 99-17 | Human Services | 112 |
| 99-18 | Human Services | 113 |
| 99-19 | Human Services | 114 |
| 99-20 | Human Services | 114 |
| 99-21 | Human Services | 115 |
| 99-22 | Human Services | 115 |
| 99-23 | Human Services | 115 |
| 99-24 | Human Services | 116 |
| 99-25 | Human Services | 116 |
| 99-26 | Mental Health | 121 |

STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

INDEX LISTED BY STATE GRANTEE AGENCY

| <u>STATE GRANTEE AGENCY NAME</u> | <u>FINDING NUMBER</u> | <u>PAGE NUMBER</u> |
|------------------------------------|---------------------------|------------------------|
| Corrections | 99-07 | 103 |
| Corrections | 99-08 | 103 |
| Mississippi Development Authority* | 98-26 | 105 |
| Mississippi Development Authority* | 98-27 | 105 |
| Education | 99-02 | 107 |
| Education | 99-03 | 107 |
| Education | 99-04 | 107 |
| Health | 98-15 | 109 |
| Health | 99-01 | 109 |
| Human Services | 98-29 | 111 |
| Human Services | 98-34 | 111 |
| Human Services | 98-35 | 112 |
| Human Services | 99-17 | 112 |
| Human Services | 99-18 | 113 |
| Human Services | 99-19 | 114 |
| Human Services | 99-20 | 114 |
| Human Services | 99-21 | 115 |
| Human Services | 99-22 | 115 |
| Human Services | 99-23 | 115 |
| Human Services | 99-24 | 116 |
| Human Services | 99-25 | 116 |

* Mississippi Development Authority was formerly the Mississippi Department of Economic and Community Development.

STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by State Grantee Agency (concluded)

| <u>STATE GRANTEE AGENCY NAME</u> | <u>FINDING NUMBER</u> | <u>PAGE NUMBER</u> |
|---|----------------------------------|-------------------------------|
| Medicaid | 99-13 | 117 |
| Medicaid | 99-14 | 117 |
| Medicaid | 99-15 | 118 |
| Medicaid | 99-16 | 118 |
| Mental Health | 98-12 | 120 |
| Mental Health | 98-13 | 120 |
| Mental Health | 99-09 | 119 |
| Mental Health | 99-10 | 119 |
| Mental Health | 99-26 | 121 |
| Rehabilitation Services | 98-38 | 123 |
| Rehabilitation Services | 99-05 | 123 |
| Rehabilitation Services | 99-06 | 123 |
| Transportation | 99-11 | 125 |
| Transportation | 99-12 | 125 |



STATE OF MISSISSIPPI

DEPARTMENT OF CORRECTIONS

ROBERT L. JOHNSON

COMMISSIONER

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2000

99-07 Procedures Should Be Established to Ensure Subrecipients are Monitored

CFDA #16.586 Violent Offender Incarceration and Truth in Sentencing Incentive Grants


We have no plans to sub-grant any future VOI/TIS funds unless a written agreement with the sub-grantee is obtained.

99-08 Written Agreements With Subrecipients Should be Obtained

CFDA #16.586 Violent Offender Incarceration and Truth in Sentencing Incentive Grants

A formal agreement detailing all subrecipients' responsibilities will be obtained prior to sub-granting any future VOI/TIS funds.

Signed:


Robert L. Johnson, Commissioner

Date:



(This page left blank intentionally.)



STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
JAMES C. BURNS, JR.
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

98-26 Documentation of Earmarking Requirements Should Be Maintained

CFDA #14.239 HOME Investment Partnerships Program

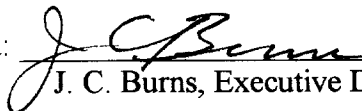
FULLY CORRECTED

98-27 Internal Controls Over On-Site Inspections Should be Strengthened

CFDA #14.239 HOME Investment Partnerships Program

FULL CORRECTED

Signed:


J. C. Burns, Executive Director

Date:

9/20/00

(This page left blank intentionally.)



Mississippi Department of Education

Richard L. Thompson, State Superintendent of Education

Office of Educational Accountability • Judy C. Rhodes

Charles L. Shivers, CPA • Director • Financial Accountability • 601-359-3294 • Fax: 601-359-3414

SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

99-02 Internal Controls over Subrecipient Allocation Should Be Monitored

84.48 Vocational Education – Basic Grants to States

Fully Corrected

99-03 Procedures Should Be Implemented to Ensure Compliance with Maintenance of Effort Requirements

84.10 Title I Grants to Local Educational Agencies


Fully Corrected

99-04 Internal Controls over 15% Carryover Requirement Should Be Strengthened

84.10 Title I Grants to Local Educational Agencies

Fully Corrected

Signed:


Richard Thompson, Ed.D.
State Superintendent of Education

Date: August 25, 2000

“Quality Education for Every Child”

Central High School Building • 359 North West Street • P. O. Box 771 • Jackson, MS 39205-0771

(This page left blank intentionally.)



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

98-15 Data Security Controls Should be Strengthened

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

93.268 Immunization Grants

93.994 Maternal and Child Health Services Block Grant to the States

Fully Corrected

99-01 Data Security Controls Should be Strengthened

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

93.268 Immunization Grants

93.994 Maternal and Child Health Services Block Grant to the States

Fully Corrected

Signed: *F. E. Thompson, Jr., M.D., M.P.H.*
F. E. Thompson, Jr., M.D., M.P.H.
State Health Officer

Date: 1/9/01

F. E. Thompson, Jr., MD, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7634 • Fax 601/576-7931 • www.msdh.state.ms.us

Equal Opportunity In Employment/Service

(This page left blank intentionally.)



STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
JANICE BROOME BROOKS
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

98-29 Cost Allocation Plan Should Be Amended Timely

| | |
|--------|--|
| 93.558 | Temporary Assistance for Needy Family |
| 93.563 | Child Support Enforcement |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title IV-E |
| 93.667 | Social Services Block Grant |

FULLY CORRECTED

In a letter dated July 27, 2000, the U. S. Department of Health and Human Services informed us all findings related to the state fiscal year ending June 30, 1998, federal single audit were fully resolved.

98-34 Foster Care Program Expenditure Reports and Agency Records Should Be Accurate

| | |
|--------|--------------------------|
| 93.658 | Foster Care - Title IV-E |
|--------|--------------------------|

FULLY CORRECTED

In a letter dated July 27, 2000, the U. S. Department of Health and Human Services informed us all findings related to the state fiscal year ending June 30, 1998, federal single audit were fully resolved.

98-35 Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

93.558 Temporary Assistance for Needy Families
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund
93.667 Social Services Block Grant

FULLY CORRECTED

In a letter dated July 27, 2000, the U. S. Department of Health and Human Services informed us all findings related to the state fiscal year ending June 30, 1998, federal single audit were fully resolved.

99-17 Controls to Ensure Compliance with the Period of Availability Requirement Should Be Implemented

99.658 Foster Care Title IV-E

PARTIALLY CORRECTED

Positive prior quarter adjustments made during fiscal year 1999 to the "Form IV-E-12 Quarterly Report of Expenditures and Estimates" related to the quarters ended December 1996, March 1997, June 1997, and September 1997. These adjustments have been audited by the federal funding agency and we are awaiting final resolution of that audit.

Negative prior quarter adjustments made during fiscal year 1999 related to quarters ended from December 1993 to September 1996. The period of availability time requirement cited in the state auditor's finding does not apply to negative adjustments to expenditures. These adjustments were also included in the audit by the federal funding agency and have not yet been resolved.

When reviewing both types of adjustments, the state auditor questioned amounts reported for the following quarters:

June 1999 - The net adjustment of \$414,415 (\$225,336 - Federal Financial Participation - FFP) agreed with supporting worksheets and rosters obtained from our files. This support is, however, complicated to follow and may not have been adequately explained to the auditor. In addition, the gross adjustments (positive and negative) were

unnecessary and created more questions than clarity. These adjustments are currently under audit review by the federal funding agency.

March 1999 and December 1998 - The adjustments related to the new time study were charged as additional expenditures on the federal reports. The state auditor incorrectly concluded that only the difference between the new time study figures and the original figures should have been added. This new time study identified payroll costs that had never been charged to the foster care program and could be charged to that program. These costs were then added in their entirety as federal expenditures on the foster care program for the first time. These quarters also included adjustments for administrative and training costs that may not have been adequately explained to the state auditor. These adjustments are currently under audit review by the federal funding agency.

Our agency implemented procedures to ensure compliance with the period of availability requirements for the Foster Care Title IV-E program. Through a collaborative effort between program and accounting staff, we established controls to monitor the activities of our third-party contractor. These controls included obtaining and reviewing supporting documentation for adjustments made to federal financial reports. All adjustments and supporting documents were filed in a systematic manner and are readily available for audit review.

We have been in close contact with our federal funding agency concerning this matter and are awaiting final resolution.

99-18 Reviews of Child Support Enforcement Expenditures Should Be Documented

93.563 Child Support Enforcement

PARTIALLY CORRECTED

We have assigned staff personnel within the Division of Child Support Enforcement to review and track all requisitions for supplies, equipment, services, lease/rentals and contracts prior to submission to the Division of Budgets and Accounting. This should assist us in ensuring all invoices are reviewed and properly approved prior to submission for payment.

99-19 Changes to the Cost Allocation Plan Should Be Carefully Monitored

| | |
|--------|--|
| 10.561 | State Administrative Matching Grants for Food Stamp Program |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title IV-E |
| 93.667 | Social Services Block Grant |

PARTIALLY CORRECTED

During fiscal year 2000, we made a concerted effort to address this finding. In September, 1999 we submitted additions/changes to our cost allocation plan (CAP) to the Department of Health and Human Services - Division of Cost Allocation (DCA). Subsequently, we were in contact with both the DCA and the Department of Health and Human Services - Administration for Children and Families (ACF) concerning these proposed changes. This contact involved both telephone conversations and written correspondence. On January 20, 2000, we submitted additional changes to our cost allocation plan to the DCA. On April 19, 2000, our staff met in Atlanta with representatives from the DCA for the purpose of resolving concerns related to the amendment. We are currently negotiating with DCA and ACF to resolve this matter.

99-20 Controls over Cash Management Should Be Strengthened

| | |
|--------|--|
| 10.561 | State Administrative Matching Grants for Food Stamp Program |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.575 | Child Care and Development Block Grant |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.658 | Foster Care - Title VI-E |
| 93.667 | Social Services Block Grant |

FULLY CORRECTED

We have implemented additional control procedures related to cash management. These procedures include performing detailed supervisory reviews of cash requests and making notes on our worksheets to explain why amounts requested differed from

amounts calculated. In addition to procedures documented in the MARS Policy and Procedures Manual, we have written our detailed, step-by-step procedures for requesting federal funds.

99-21 Controls over Licensing Foster Care Homes and Facilities Should Be Strengthened

93.658 Foster Care - Title IV-E

PARTIALLY CORRECTED

Controls have been strengthened to ensure existing policies are followed. Licensure staff currently receive a report indicating the license period for facilities. Staff review the report on a monthly basis and send notices two months prior to the license expiration. Case records are controlled by assigning one person the responsibility for pulling and returning files. Re-evaluation procedures now require Form 450 to be completed in its entirety.

99-22 Eligibility Review Procedures for the Foster Care Program Should Be Strengthened

93.658 Foster Care - Title IV-E

PARTIALLY CORRECTED

We have developed an Eligibility Determination Quality Assurance Checklist to ensure eligibility determinations are accurate and complete. This checklist is now being used to strengthen our review procedures.

99-23 TANF Federal Reports Should Agree with Agency Records

93.558 Temporary Assistance for Needy Families

PARTIALLY CORRECTED

Adjustments to the agency's accounting records were made during the course of this audit. In the future, these adjustments will be performed more promptly. Staff have been made aware of the need to complete these adjustments promptly.

February 15, 2001

99-24 Competitive Procurement Practices Should Be Followed

93.658 Foster Care - Title IV-E

FULLY CORRECTED

The agency requested and received a waiver through the State Personal Service Contract Review Board to forgo the competitive procurement process for the purchase of service contracts awarded to foster care facilities for fiscal years 1999 and 2000. These facilities offered specialized types of services unique to the needs of children in foster care. For fiscal year 2001, the State Personal Service Contract Review Board requested our agency issue a Request for Proposal for these services. The competitive procurement process was followed for the awarding of fiscal year 2001 contracts.

99-25 Controls over the Child Support Enforcement Bank Accounts Should Be Improved

93.563 Child Support Enforcement

FULLY CORRECTED

The reconciliation of the METSS bank accounts has been given high priority. The CRDU accounts are being reconciled monthly. We have implemented additional control procedures including separating the duties for reconciling the CRDU bank account and restrictively endorsing checks as they are received. We are continuing our efforts in analyzing transactions, reviewing reports and working with the bank monthly on issues that may affect the reconciliation process.

Signed: _____

Janice Broome Brooks, Executive Director

Date: _____

2/15/01

JB/ap



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
RICA LEWIS-PAYTON
EXECUTIVE DIRECTOR

October 18, 2000

Phil Bryant, State Auditor
office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Below are updated responses to audit findings on the financial statements of the Office of the Governor, Division of Medicaid for Fiscal Year 1999. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

UPDATED SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

Medicaid

99-13 Internal Controls over Reporting Should be Strengthened

93.767 State Children's Insurance Program (CHIP)

PARTIALLY CORRECTED

The Division has been in on-going communication with the MS Department of Human Services (DHS), regarding the data reported on CHIP. DHS recognizes that data enhancement is needed. Consequently, systems changes are already in process. DHS expects to have these changes in place and staff trained accordingly by November, 2000. These system changes are an effort toward total automation of the eligibility process.

99-14 Inpatient Hospital Rates Should be Computed Accurately

93.778 Medical Assistance Program

FULLY CORRECTED

Phil Bryant, State Auditor
October 18, 2000
Page 2

99-15 Internal Controls over Computation of Long-Term Care Facility Rates Should be Strengthened

93.778 Medical Assistance Program

PARTIALLY CORRECTED

FY 2000 nursing home rates have been corrected. Some additional processing has to be done to the FY 1997 field audits before the FY 1999 rates can be finalized. All procedures for 1997 audits will be completed by February 28, 2001. FY 1999 nursing home rates will be adjusted on or before April 15, 2001.

99-16 Audits of Long-Term Care Facility Cost Reports Should be Performed in Accordance with the State Plan

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Some of our approved new staff have been hired and CPA firms have been contracted to complete the backlog of audits. Outstanding reviews were originally scheduled to be completed by December 31, 2000. However, we have had more difficulty than anticipated in hiring staff and contracting with the CPA firms. We are on schedule to complete all FY 1997 nursing home field audits by February 28, 2001.

Please call us at 359-6050 if you have any questions relative to our responses and corrective action plans.

Sincerely,



Rica Lewis-Payton
Executive Director

RLP/BP/rc

DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.
Executive Director
Robert E. Lee Building, Suite 1101
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288 • FAX 359-6295
TDD Phone (601) 359-6230

SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS For the Year Ended June 30, 2000

99-09 Internal Controls over Earmarking Requirements Should Be Strengthened

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

FULLY CORRECTED

The Department of Mental Health can now document, using SAAS reports, that earmarking requirements for SAPT expenditures are met. The Department is able, for example, to document during this audit period the expenditure of SAPT funds awarded for federal fiscal year 10/98-9/99 because:

- a. These funds were allocated by DMH on or after 4/1/99 but on or before 9/30/99, as required by SAPT regulations; and
- b. The time period in which subgrantees may expend these funds ended 9/30/2000 (DMH may still draw SAPT funds as late as January or February of 2001 on this grant, but all subgrantee expenditures will have been made on or before September 30, 2000).

99-10 Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

PARTIALLY CORRECTED

Beginning with the federal SAPT award for 10/99-9/00, which funds were allocated on or after 4/1/2000 and on or before 9/30/2000, five percent (5%) of the total grant award is allocated to specific HIV services among the various subrecipients. These allocations are separately

identified as such and will be accounted for separately. It is our understanding that federal requirements are that at least five percent (5%) be ALLOCATED for HIV services and that at least two percent (2%) actually be EXPENDED.

The reason this finding is shown as PARTIALLY CORRECTED rather than FULLY CORRECTED is that it will not be possible to document compliance until around January or February of 2002. This is because DMH has until 9/30/2001 to use the federal funds awarded for the federal year 9/99-9/2000, and DMH is allowed to draw those funds from the federal Treasury until, usually, sometime in February of the next federal year. In this case, that would give DMH until September 30, 2001, to actually expend the funds (which in the case of DMH is done by subrecipients who then request reimbursements) and until February of 2002 to draw the funds and actually make reimbursements. Even though shown as PARTIALLY CORRECTED, DMH does not believe that anything else needs to be done to correct this finding. All that remains is for a full year's worth of funding to be expended so that compliance can be documented.

98-12 Internal Controls over Earmarking Requirements Should Be Strengthened

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

FULLY CORRECTED

This is the same finding as 99-09 in the earlier part of this schedule, but for an earlier fiscal year. It is fully corrected, and DMH should be able to document that federal SAPT funds awarded for the federal year 10/97-9/98, which DMH had until 9/30/99 to expend, were expended in accordance with required set asides.

98-13 Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

93.959 Block Grants for the Prevention and Treatment of Substance Abuse

PARTIALLY CORRECTED

This is the same finding as 99-10 in the earlier part of this schedule, but for an earlier fiscal year. All that needs to be done from the systems standpoint to correct this has been done; all that remains is for a full year's worth of funding to be expended so that compliance can be documented. As mentioned in the response to 99-10, this probably will not be possible until February of 2002.

99-26

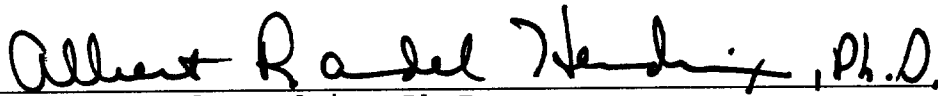
Internal Controls Over Level of Effort Requirements
Should Be Strengthened

93.959 Block Grants for the Prevention and Treatment
 of Substance Abuse

FULLY CORRECTED

This finding was the result of staff responsible for preparing the SAPT application not obtaining data for actual expenditures from accounting staff. Staff members have been instructed to obtain the required information from the accounting department before completing the SAPT application in the future.

Signature: _____

Handwritten signature of Albert Randel Hendrix, Ph.D.

Albert Randel Hendrix, Ph.D.
Executive Director

December 8, 2000

(This page left blank intentionally.)



STATE OF MISSISSIPPI

DEPARTMENT OF REHABILITATION SERVICES

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

98-38 Procedures Should be Developed to Adequately Support Salary and Wage Costs

CFDA# 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
CFDA# 96.001 Social Security – Disability Insurance

FULLY CORRECTED

99-05 Procedures Should be Developed to Adequately Support Salary and Wage Costs

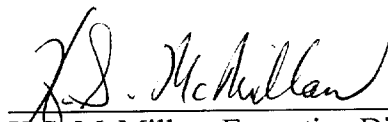
CFDA# 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
CFDA# 96.001 Social Security – Disability Insurance

FULLY CORRECTED

99-06 Controls Over the Preparation of Individual Written Rehabilitation Programs Should Be Strengthened

CFDA# 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States

FULLY CORRECTED


H.S. McMillan, Executive Director
January 18, 2001

(This page left blank intentionally.)

*OFFICE OF
STATE AID ROAD CONSTRUCTION
MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850*

*Floyd A. Kirk
State Aid Engineer
Telephone 359-7150*

*401 North West Street
Jackson, Mississippi 39201
FAX 359-7141*

Summary Schedule of Prior Federal Audit Findings
For the Year Ended June 30, 2000

99-11 Controls over the Receipt of Wage and Payroll Documents Should be Strengthened

CFDA 20.205 Highway Planning and Construction

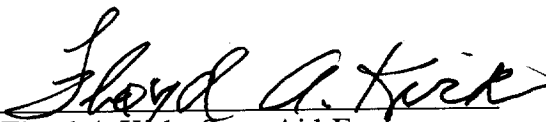
Fully Corrected

99-12 Controls over the Review of Real Property Acquisitions Should be Strengthened

CFDA 20.205 Highway Planning and Construction

Partially Corrected

The agency has established a procedure whereby a review of the project file is made to ensure that proper documentation has been received, prior to seeking authorization from Federal Highway Administration. The county is notified that until such documentation is received, no further action will be taken by State Aid to seek funding for the project. The new procedure was effective March 1, 2000, for all new projects. No action was taken on projects where the authorization had previously been obtained.

Signed 
Floyd A Kirk, State Aid Engineer

Date 8/17/2000

(This page left blank intentionally.)

III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



STATE OF MISSISSIPPI

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED JUNE 30, 2000

Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

STATE OF MISSISSIPPI
Management Responses and Corrective Action Plans
Instructions to Management (concluded)

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

The following note is applicable to agency responses for single audit findings:

The Mississippi Department of Transportation stated in its response to finding 00-11 that Standard Operation Procedure (SOP) Number TMD-06-01-00-000 did not contain a requirement that the State Materials Engineer review and follow up on forms TMD-890 and TMD 891, if deemed necessary. The audit finding related to that statement was based on SOP Number TMD-06-01-00-000 (effective date May 1, 1996) which states "when an independent assurance sample fails to comply with the specifications, or the test results vary widely from those of job control samples of the same material, and if, in the opinion of the State Materials Engineer, the discrepancy or variation justifies same, a check sample will be obtained".

lunches, after school snacks, breakfast, and milk served to children participating in the National School Lunch and School Breakfast Programs, Special Milk Program, or Child and Adult Care Food Program. During our review of the claims for reimbursements paid by the Mississippi State Department of Education - Office of Child Nutrition, we noted the following weaknesses:

- Reimbursement rates and reporting categories were entered into the Management Information System (MIS) database and approved by the same program director.
- There is no random verification of reimbursement rates calculated by MIS to ensure the system is operating properly.
- Reimbursement rates for the Child and Adult Care Food Program (Afterschool Care Program) were not entered into the MIS database. These claims for reimbursement were prepared manually and approved for payment by the same program director.

The MIS database is utilized to process and calculate the claims for reimbursement for meals, snacks and milk served by subrecipients. Good internal controls require an adequate independent review of work performed be designed to ensure reimbursements are accurate. The absence of an independent supervisory review and testing could result in data input and/or processing errors resulting in erroneous reimbursement to subrecipients and these errors not being detected in a timely manner.

Recommendation:

We recommend the Mississippi State Department of Education - Office of Child Nutrition initiate procedures to document supervisory review to ensure all reimbursement rates are properly input into the Management Information Systems' (MIS) database. We also recommend procedures be initiated to ensure the operation of the MIS is tested to ensure the system is processing data correctly. In addition, manually prepared claims for reimbursement, should receive a supervisory review. This supervisory review should be documented.

Response:

We concur with the finding.

Our process for entering reimbursement rates is a two-part process. There are two employees authorized to enter new rates. There are two employees authorized to approve these rates. The two employees that normally would enter the rate information were both out for extended periods at the time rates changed. These were a result of a terminally ill spouse and major surgery. The problem occurred due to these conditions and the immediate need to change rates.

We will revert to our normal process of having one person enter and a second person approve new rates.

When new rates are entered, CNIP staff does check and evaluate the accuracy of payments under these rates in the first month they are used. This also occurs anytime rates change during the course of a year. This process will continue to be used to ensure proper calculations and payments.

Our current payment system does not include Afterschool Snacks in any manner. This program was only recently authorized and neither MIS nor ITS could incorporate this into the system timely nor efficiently. Therefore, approval and payment is done manually.

The approval process is totally independent of claims payment as well as for on-site monitoring verification or audit.

We are in the process of acquiring a new payment system for all of the programs which will include Afterschool Snacks. This will correct these issues long term.

In the interim, we will have a two party process to ensure that calculations and payments include a second party review. Gary May, Director of the Division of Finance and Computer Support, and Angelo Nuzzo on his staff will be responsible for these actions.

All actions noted have been taken with the exception of the new payment system. We hope to have these accomplished within the next 12 to 18 months.

REPORTING

Reportable Condition

| | |
|--------|--|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.558 | Child and Adult Care Food Program |
| 10.559 | Summer Food Service Program for Children |

Federal Award Number and Year: 3179326 (Grant Year 1999)

00-14 Internal Controls Should Be Established Over Reporting

Finding:

The Code of Federal Regulations [7 CFR 210.5 (d) (2) and (3)] requires state agencies to submit to the Food and Consumer Service (FCS) of the United States Department of Agriculture a quarterly and final Financial Status Report (SF-269) on the use of program funds. In our review of internal control at the Mississippi Department of Education - Office of Child Nutrition we noted a weakness in the preparation of these reports. Although no errors were found in the report tested, we noted there was no supervisory review and verification of the accuracy of the report prior to submission to the federal funding agency.

Good internal controls require supervisory reviews of work performed to ensure any errors or omissions are properly detected. Failure to properly report the actual figures on the SF-269 report could impede the United States Department of Agriculture's ability to properly monitor program expenditures.

Recommendation:

We recommend the Mississippi Department of Education - Office of Child Nutrition establish internal controls over the preparation of the Financial Status Report (SF-269). An employee other than the preparer should review the report for accuracy and completeness prior to submission to the federal funding agency. This employee should document this review by initialing the report.

Response:

We concur with this finding.

As noted in the audit report, there were no errors found in the SF-269 Report submitted to USDA. This report is prepared by two employees. We have failed to include documentation of the second party involvement. This documentation will be maintained to record second party review and approval.

Gary May, Director of the Division of Finance and Computer Support, and Angelo Nuzzo on his staff will be responsible for these actions.

This has been implemented.

REPORTING

Reportable Condition

| | |
|--------|-----------------------------------|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program for Children |
| 10.558 | Child and Adult Care Food Program |

Federal Award Number and Year: 3MS300328 (Grant Year 2000)

00-15 Special Reports Should Be Accurate and Complete

Finding:

The Code of Federal Regulations [7 CFR section **210.5 (d)(1) and 226.7 (d)**], requires the Mississippi Department of Education - Office of Child Nutrition to complete the Report of School Operations (FNS-10) and the Report of the Child and Adult Care Food Program (FNS-44). During our testwork, the following errors were noted in the agency's preparation of the FNS-10 and FNS-44 reports;

- An increase in meal counts reported on a corrected claim was omitted from an FNS-110, 90-day report;

- Meal counts of 2092 were included twice in the FNS-44, 90-day report; and
- Milk counts of 2197 for a subrecipient which had been previously reported on an FNS 10, 30-day report were not included on the 90-day report. This was the result of an error in the Management Information System (MIS).

Good internal controls require that reports receive adequate supervisory reviews to ensure propriety and that systems be monitored to ensure data is accurate and complete. Lack of adequate supervisory review of the FNS-10 and FNS-44 reports could result in the submission of incorrect figures to the United States Department of Agriculture.

Recommendation:

We recommend the Mississippi Department of Education - Office of Child Nutrition exercise greater care when reports are reviewed by supervisory personnel. We further recommend random testing of Management Information System calculations to ensure the system is operating properly.

Response:

We concur with this finding.

Our current payment has no ability to accept revised claims. Once processed and paid, any revisions must be paid manually. All such manual payments are accomplished by means of a two-party system. These manual payments must be posted to our automated reports to ensure accurate reports to USDA.

The USDA reporting process calls for a 30-day report (actual and estimated data), a 60-day report (actual and estimated data) and a 90-day report (final data). There is also an annual reconciliation (USDA and MDE) to resolve any discrepancies between and among meals served (earnings) draws and outlays.

Mr. Phil Bryant
Page 7
January 30, 2001

Every effort is made to ensure that these adjustments to claims data are made timely and accurately. Should these not happen with the 30-, 60-, or 90-day reports, they are disclosed and corrected at the year-end reconciliation.

We requested an amended claims modification to our automated claims payment system six to eight years ago to correct this problem. Lack of expertise to develop these modifications resulted in no action being taken.

All fund accounts for prior years have been reconciled and closed with the USDA. The issues noted are frustrating and timely to deal with, but payments and reports are correct. We will work to prevent and detect such problems on a current basis and resolve undetected errors in our annual closeout.

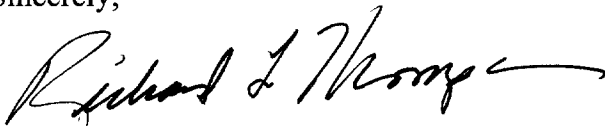
The long-term solution is the implementation of a new payment system which will automatically adjust data and reports as changes occur.

Gary May, Director of the Division of Finance and Computer Support, and Angelo Nuzzo on his staff will be responsible for these actions.

We anticipate that the long-term solution to this issue will be resolved in 12 to 18 months.

Should you have additional questions, do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Thompson", with a long horizontal flourish extending to the right.

Richard L. Thompson
State Superintendent of Education

RLT:bp

(This page left blank intentionally.)



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

January 19, 2001

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the Single Audit Finding contained in your letter of December 20, 2000, for the Fiscal Year 2000 Audit.

10.557 Special Supplemental Nutrition Program for Women, Infants and Children
Internal Control

00-3 Internal Controls Over Subrecipient Monitoring Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

The WIC Program has implemented a tracking sheet to accomplish this task. The Accountant/Auditor II in the Financial Section of the program will monitor this tracking sheet monthly and request subrecipient audits as needed consistent with the requirements of OMB Circular A-133. This task has been added to the Accountant/Auditor II Job Content Questionnaire and will subsequently be monitored by the WIC Program Chief Accountant to insure on-going compliance. A copy of the tracking sheet is enclosed for your information.

F. E. Thompson, Jr., MD, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7634 • Fax 601/576-7931 • www.msdh.state.ms.us

Equal Opportunity In Employment/Service

Phil Bryant, State Auditor
January 19, 2001
Page 2

We appreciate the assistance and courtesy of the Department of Audit staff during the conduct of this audit. Should you have questions or require additional information, please advise us.

Sincerely,

A handwritten signature in black ink, appearing to read "F. E. Thompson, Jr.", followed by a stylized flourish or set of initials.

F. E. Thompson, Jr., M.D., M.P.H.
State Health Officer

FET/sp

Enclosure



STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
JANICE BROOME BROOKS
EXECUTIVE DIRECTOR

February 15, 2001

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are our formal responses and corrective action plans to your Single Audit Management Report dated January 24, 2001.

AUDIT FINDINGS:

- 93.558 Temporary Assistance for Needy Families
- 93.563 Child Support Enforcement
- 93.568 Low-Income Home Energy Assistance
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.658 Foster Care - Title IV-E

ALLOWABLE COSTS / COST PRINCIPLES

00-17 Controls over Cost Allocation Plan Should Be Strengthened

Response:

The three cost pools cited in the finding have not been approved by the federal government and no one in the agency is authorized to charge costs to those pools. Federal approval for these cost pools has not and will not be pursued, because these costs pools are not needed. In an attempt to make several adjustments and to correct errors, costs were charged to those costs pools during fiscal year 2000. The net amounts remaining in those costs pools as of June 30, 2000, are as follows:

Mr. Phil Bryant
February 15, 2001
Page 2

| | |
|------------|------------|
| Pool P 230 | \$2,590.68 |
| Pool P 234 | \$2,090.50 |
| Pool P 256 | <0.03> |

We have successfully closed two of these cost pools as of February 2000. We are still in the process of closing the remaining cost pool.

The finding also addresses the statistical units used in the cost allocation process. These units were, in fact, reviewed by agency personnel. The total number of statistical units in the universe was significantly lower for the October-December 1999 quarter for one basis of allocation. During this quarter, the agency went on-line with the State Personnel and Human Resource System (SPAHRs). Statistical information for six pay periods within the quarter had previously been included in cost allocation process. However, after the conversion to SPAHRs, statistical information for only one pay period was available to run the October-December 1999 quarter cost allocation. Agency personnel worked to develop new reporting mechanisms to capture this information from SPAHRs, and these reports were ready and used during the January-March 2000 quarter. No programs were charged more than their fair share of the costs.

There is also a question raised concerning our promptness in reviewing and submitting information to the federal government. We have an employee dedicated to monitoring and revising our cost allocation plan. He reviews the plan in detail at the end of each quarter and during the quarter as concerns arise. Throughout fiscal year 2000, this employee and other agency staff have worked continually with the United States Department of Health and Human Services, Division of Cost Allocation (DCA), to seek approval and guidance for the plan. In addition to numerous phone conversations, we sent written plan amendments in September 1999, January 2000 and May 2000. On April 19, 2000, our staff went to Atlanta to personally meet with DCA staff in an attempt to resolve certain issues. During fiscal year 2001, we have continued to cooperate and correspond with DCA to keep our cost allocation plan accurate and current.

Corrective Action Plan:

- A. Established procedures for amending the cost allocation plan are being followed. A routine review of the cost allocation plan is done quarterly during the cost allocation process. This is also done throughout the quarter as concerns arise.

We have completed a thorough analysis of the three costs pools cited in the finding. Two costs pools were closed February 2000. We are still in the process of closing one cost pool. This should be completed by the quarter ending March 2001.

We are continuing to cooperate and correspond with the DCA to adjust our cost allocation plan promptly, as needed.

- B. Tommy Brumfield, Senior Accounting Administrator, Division of Budgets and Accounting
- C. Cost pools should be corrected by the quarter ending March 2001. Correspondence and contact with the DCA will be done on a continuing basis.

93.563 Child Support Enforcement

ALLOWABLE COSTS / COST PRINCIPLES

00-18 Controls over Child Support Enforcement Expenditures Should Be Strengthened

Response:

We recognize the importance of having documented reviews of all expenditures to ensure compliance with federal and state regulations. It should be noted, all payments cited in the audit finding were for allowable federal costs for this program. With the complexity of the Child Support Enforcement federal program, we have established specific review procedures appropriate to the different types of expenditures. The specific items addressed in the finding are explained below:

- Coding error (two instances) - The code used for the two payments in the finding was C120. This code does divide expenditures 66% federal and 34% other. A copy of the payment vouchers and GM26 report showing the funding breakdown are enclosed as **ATTACHMENT A**.
- Program personnel reviews (three instances) - Two of these payments were related to contractual agreements documented and approved through the "Advance Planning Document" This plan outlines federal computer technology requirements for the Child Support Enforcement program and documents how our agency will meet those requirements. This document is reviewed and approved in advance by the federal funding agency. Work performed on these contracts is supervised and monitored by the agency's Management Information System (MIS) division. The two invoices cited in the audit finding were approved by our MIS division director and he documented his review on the invoices. We determined this is the most appropriate review procedure for these contracts, since contractors were physically housed and working in the MIS division and the MIS division was directly monitoring their work and reviewing the and progress of worked performed under the contracts. Copies of the approved invoices are enclosed as **ATTACHMENT B**.

One invoice was processed and paid without the appropriate program personnel approval. Program personnel was alerted of this error the month following the payment. The invoice was then reviewed and approved by the Child Support Enforcement division director. A copy of this approved invoice was then placed in both the program and accounting files. A copy of this approved invoice is enclosed as **ATTACHMENT C**.

- Program and accounting personnel review (one instance) - This payment was for sheriff fees process through our independent contractor, MAXIMUS. The signature of the senior attorney on page one of the supporting worksheets was the approval of the entire invoice. The attorney made several notations throughout the invoice, revised the total amount due and initialed the revised total. The review by accounting personnel for this "cc" (court costs) payment is evidenced by the initials on the payment voucher. A copy of this payment voucher is enclosed along with excerpts from the supporting documents. See **ATTACHMENT D**.
- Program personnel review of all invoices (three instances) - All genetic testing and court fee invoices are approved through the Mississippi Enforcement Tracking of Support System (METSS). An initial fee payment request (FPRQ) is entered by the staff attorney/designee and approved (FPAP) by the senior attorney/designee. This is all done through the computer system. The FPRQ and FPAP computer screens are then printed, attached to the invoice and submitted to the accounting division for payment. Accounting personnel verify the METSS computer screens agree with the invoices. Copies of the computer screens are sent to Mississippi Department of Finance and Administration with the invoices (genetic testing). Copies are also sent to the Centralized Receipting and Disbursement Unit (CRDU) to enter the payment into METSS. For audit purposes, approval of these payments can be verified through the METSS computer screen, "Fee Payment History Panel." Our established procedures for the review and approval of these payments is to use the computer system and not require actual signatures on the face of the invoices.

Corrective Action Plan

- A. We have explained the various types of documentation we have for the review of specific expenditures. The one payment that was processed without the proper authorization was reviewed and approved the following month, January 2000. This appeared to be an isolated incidence.
- B. "CT" payments - Kathy Dufrene, Senior Accounting Administrator, Division of Budgets and Accounting
"CC" payments - Earnestine Taylor, Chief Fiscal Officer, Division of Budgets and Accounting
Program review - Alsee McDaniels, Director, Child Support Enforcement
- C. Corrective action was completed in January 2000.

93.658 Foster Care - Title IV-E

ELIGIBILITY

00-19 Controls over Licensing Foster Care Homes Should Be Strengthened

Information on the eligibility of foster care homes and facilities is collected by our county offices. This

information is maintained in our county offices and copies are sent to the state office. The items cited in the audit report related to case files maintained in the state office. It should be noted that all foster care homes and facilities reviewed in this audit were eligible for the Foster Care Title IV-E program.

Response:

- We concur the foster parent's license was not current. A current copy of the foster parent's license has been placed in the case record.
- We concur the foster parent's license on file was not signed. A signed copy of the foster parent's license has been placed in the case record.
- We concur the 12 hours of required training for foster care parents was not documented. A copy of the MDHS-450-B and certificates have been placed in the case records.
- We concur the Foster Care Home Reevaluation Report form on file was not completed or signed and dated by the social worker. A signed and dated copy of pages 3 and 4 of the Foster Care Home Re-evaluation Report were placed in the case record.

Corrective Action Plan:

- A. To ensure case records in the state office are complete and current, the Division of Family and Children's Services, Licensure Unit, will verify all required documentation is placed in case records according to established procedures prior to filing case records. The case record will not be filed until all documentation is received.
- B. Terry Varnado, Program Manager, Division of Family and Children's Services, Licensure Unit
- C. Procedures were implemented beginning January 2001.

93.658 Foster Care Title IV-E

ELIGIBILITY

00-20 Controls over Review of Foster Care Children Case Files Should Be Strengthened

Information related to the eligibility of foster care children is handled the same as information on the eligibility of foster care homes and facilities. This information is collected by our county and copies are sent to the state office. The items cited in the audit report relate to case files maintained in the state office. All children reviewed in the audit were eligible for the Foster Care program.

Response:

- We concur the birth certificates were not in the case files. A copy of the birth certificate has been placed in each case file.
- We concur no social security card or application for a social security card was in the case files. A copy of the social security card has been placed in each case file.
- We do not concur. In one instance, the DHS-EA-323 form was in the case file when we re-examined the case file. In another instance, the DHS-EA-323 form was blank because there was no income to report, as verified through MAVERICS. In another instance, DHS EA-323 form was not in the case file, but income was verified through MAVERICS and the MDHS-SS-443 and 443B forms. These are income verification forms sent in from the county providing proof of income. In another instance, MDHS-SS-443D form was used instead of the DHS-EA-323 form.
- We do not concur. In one instance, the income was verified through MAVERICS. The MAVERICS print screen was in the case file. In another instance, the Form MDHS-SS-443 and MDHS-SS-443B were used to verify income.
- We do not concur. In one instance, the court order in the case file was the result of a Review Hearing held and it had the correct language. In another instance, the child came into custody in 1984 and the court order had language "contrary to the welfare of the child". This language was acceptable and eligible for Title IV-E.
- We concur the court orders were not in the case files. A copy of the court order has been placed in the each case file.

Corrective Action Plan:

- A. An "Initial Application Cover Sheet" has been developed to ensure all documentation is received. This sheet lists all the required documents that must be in the case file. The state office eligibility worker must document on this sheet when appropriate case file documents are requested and received. A copy of this sheet is enclosed as **ATTACHMENT E**.

In addition, the Division of Family and Children's Services is reviewing its policies to identify those points that may be unnecessarily restrictive and not required by federal law.

- B. Gloria Thornton, Bureau Director, Division of Family and Children's Services
- C. The "Initial Application Cover Sheet" has been used since July 1, 2000.

Mr. Phil Bryant
February 15, 2001
Page 7

93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement

PROCUREMENT AND SUSPENSION AND DEBARMENT

00-21 Certification Regarding Suspension and Debarment Should Be Included in Contracts

Response:

We concur. Some previously issued contracts did not contain the required federal certifications concerning suspension and debarment.

Corrective Action Plan:

- A. We have developed standard clauses for use in appropriate contracts. All contracts cited in the audit finding have been reviewed for compliance. In addition, agency program and administrative staff have been reminded of this federal requirement and instructed to ensure the required clauses are included in all new contracts, as appropriate.
- B. All contracts originate within the funding division. Division directors are responsible for ensuring contracts include the required federal clauses.
- C. All contracts issued after October 1, 2000.

93.658 Foster Care Title IV-E

PROCUREMENT AND SUSPENSION AND DEBARMENT

00-22 Competitive Procurement Practices Should Be Followed for the Foster Care Program

Response:

We do not concur with the conclusion that competitive procurement should have been followed in fiscal year 2000. The agency requested and received a waiver through the State Personal Service Contract Review Board to forgo the Request for Proposal (RFP) process for the fiscal year 2000 contracts with foster care facilities. These facilities offered specialized types of services unique to the needs of children in foster care. Our approach was practical and considered the children first. The State Personal Service Contract Review Board agreed with us.

Corrective Action Plan:

- A. The State Personal Service Contract Review Board requested we issue an RFP for these services in fiscal year 2001. In April 2000, the agency issued an RFP. After evaluating the proposals and negotiating the terms, we awarded the fiscal year 2001 contracts to most of the same facilities we contracted with in fiscal year 2000.
 - B. Janice Gresham, Program Specialist, Division of Family and Children's Services
 - C. Corrective action completed by October 1, 2000.
-

93.558 Temporary Assistance for Needy Families

REPORTING

00-23 TANF Federal Reports Should Agree with Accounting Records

Response:

We concur a clerical error was made on the June 30, 2000, ACF-196 financial report. The amount of \$4,662 had been placed in the wrong column on a work sheet and had been reported as state expenditures rather than federal expenditures. As a result, federal expenditures were understated on the report. The agency has already established procedures for the review of this report. However, the insignificant amount of this error was not readily evident when reviewing the \$13.5 million in federal expenditures recorded on that report.

Corrective Action Plan:

- A. The September 2000 quarterly federal report was corrected to reflect \$4,662 more in federal expenditures.
 - B. Brian Daniel, Senior Accounting Administrator, Division of Budgets and Accounting
 - C. Corrections were made by November 15, 2000.
-

Mr. Phil Bryant
February 15, 2001
Page 9

93.563 Child Support Enforcement

REPORTING

00-24 Data Used to Prepare Reports Should Be Accurate

Response:

The Mississippi Enforcement Tracking of Support System (METSS) was modified on December 12, 2000, to update the 'ADJ TO PREVIOUS COLLECTIONS' total on the OCSE-F34A Report for only the amount of the adjustments to collections made in previous quarter. No updates are made to the 'ADJ TO PREVIOUS COLLECTIONS' for receipts that are re-processed because of the adjustment, and no offsetting additions to the 'TOTAL COLLECTIONS' are made. This change is now in production. This report is only sent to the federal funding agency and that agency only considers the net collections (gross collections less adjustments) when reviewing the report.

It is important to note child support collections reported for internal use, reported to the public and reported to the federal government were not inflated or overstated. Amounts reported to these and other entities as child support collections are taken directly from the METSS collection screen and not from the OCSE -F34A report. The federal funding agency performs annual data reliability reviews of our METSS statistical data and no errors have been noted during these reviews.

Corrective Action Plan:

- A. Computer program has been revised and software has been moved into production.
- B. Beverly Williams, METSS Lead Programmer Analyst
- C. Corrective action was completed in January 2001.

93.563 Child Support Enforcement

REPORTING

00-25 A UPS Should Be Installed for Computer and Support Equipment

Response:

Currently, the Mississippi Department of Information Technology Services (ITS) has a renovation project underway for their Data Center in Jackson. This project has been approved and funded. The renovation project should start in the spring of 2001 and be completed later this year. As part of this

renovation project, an uninterrupted power supply (UPS) system and generator will be installed in the ITS Data Center and will have the capability to support the needed power requirements.

Correction Action Plan:

- A. The process of securing a UPS is under the purview of ITS. This project is now entering the bidding process.
 - B. Terry Bergin, ITS Data Center Director
 - C. This project is being administered by ITS. It is expected to be completed in calendar year 2001. However, the Mississippi Department of Human Services has no control over this project or funds appropriated for it.
-

93.658 Foster Care - Title IV-E

REPORTING

00-26 Controls over Reporting Should Be Strengthened

Response:

We concur that controls over the review of adjustments made by our independent contractor should be strengthened. As a result of this audit, errors in the adjustment to the December 1999 report were reviewed and will be corrected. Adjustments to the accounting records have been deliberately delayed, pending the outcome of the ongoing Office of the Inspector General (OIG) audit of Title IV-E expenditures. When this audit is resolved, the accounting records will be adjusted.

Corrective Action Plan:

- A. We will review all adjustments provided by our independent contractor for accuracy. The error in the adjustment for the December 1999 quarter will be corrected on a revised federal report. Upon resolution of the OIG audit of the Title IV-E program, the agency will make all adjustments necessary to the accounting records to ensure the records properly reflect the expenditures.
 - B. Peter Boulette, Bureau Director, Office of Budgets, Cost Allocation and Grants Management
 - C. Federal reports will be corrected by March 1, 2001. Accounting records will be adjusted after resolution of the OIG audit.
-

Mr. Phil Bryant
February 15, 2001
Page 11

93.568 Low-Income Home Energy Assistance

REPORTING

00-27 Federal Reports Should Be Prepared in Accordance with Program Laws and Regulations

Response:

We concur the "Annual Report of Households Assisted by LIHEAP" should be prepared using the federal fiscal year.

Corrective Action Plan

- A. The "Annual Report of Households Assisted by LIHEAP" was revised to cover the federal fiscal year of October 1, 1998, - September 30, 1999. This report was presented to the auditors during their fieldwork. We have made the all necessary adjustments to compile future reports on the federal fiscal year.
 - B. Sollie Norwood, Director, Division of Community Services
 - C. Corrective action was taken before audit field work ended.
-

93.568 Low-Income Home Energy Assistance

SUBRECIPIENT MONITORING

00-28 Monitoring Procedures over Redetermining Eligibility Should Be Strengthened

Response:

We concur with the recommendation to redetermine eligibility during our monitoring procedures.

Corrective Action:

- A. We have revised the programmatic monitoring tool for the Low-Income Home Energy Assistance Program (LIHEAP) to include redetermination of eligibility. A copy of this tool is enclosed as **ATTACHMENT F**.
 - B. Robert Moore, Director, Bureau of Audit and Evaluation
 - C. Corrective actions will be implemented with the review of the fiscal year 2001 LIHEAP subgrants and should be completed by December 2001.
-

Mr. Phil Bryant
February 15, 2001
Page 12

93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

SUBRECIPIENT MONITORING

00-29 Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

Response:

We concur with the recommendation that procedures for monitoring subrecipients can be strengthened. Our agency is keenly aware of the need for monitoring both program and fiscal activities of our subrecipients to ensure accountability for the funds and compliance with federal and state regulations. With more than 200 subrecipients in fiscal year 2000, we are constantly reviewing and revising our procedures to fulfill our goals efficiently and effectively.

Corrective Action Plan:

A. The following specific actions have been taken:

- On September 1, 2000, we revised the subgrant signature sheets to include documentation of the subrecipient's fiscal year-end. This information is required in order to complete the subgrant agreement. The subrecipient's fiscal year-end date is then entered into our computerized subrecipient audit tracking system. Copies of these revised signature sheets are enclosed as **ATTACHMENT G**.
- We will continue to mail letters to subrecipients reminding them of the Single Audit requirements. These letters will identify the deadline for submitting the required audit report.
- We have implemented procedures to ensure reviews of subrecipient audits are completed timely. The Bureau of Audit and Evaluation will notify the appropriate program divisions of any subrecipient audit findings and advise the program divisions of the deadline for resolving the findings.
- We have developed a Subrecipient Audit Information Form that requires each subrecipient to report their total expenditures of federal financial assistance from all sources. These expenditures include subgrants received from the Mississippi Department of Human Services, as well as other funding sources. The form includes a certification that the information is true and correct as evidenced by the signature of the subrecipient's designated official. We will rely on the subrecipient's certification and compare the total federal expenditures on this form to our agency records for reasonableness.

Mr. Phil Bryant
February 15, 2001
Page 13

- B. Robert P. Moore, Director, Bureau of Audit and Evaluation
- C. Corrective actions were implemented in September 2000 and should be completed for fiscal year 2000 subrecipient audits by March 31, 2001.

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

PERIOD OF AVAILABILITY

00-30 Federal Funds Should Be Used within the Period of Availability

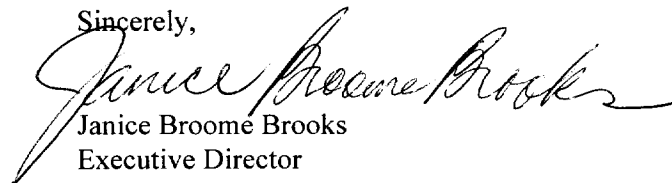
Response:

Adjustments were posted to the 1998 and 2000 Child Care and Development Block Grants before the agency received official notice that funds were available from the federal funding agent. This was an inadvertent mistake that occurred when agency personnel made adjustments using grants active at the time the adjustment was made, rather than grants that were active at the time the expenditures were incurred. Staff have now been made aware of the necessity to review grants active at the time the expenditures were incurred when making adjusting entries.

Corrective Action Plan:

- A. Correcting adjustments will be made to reflect the \$248,202 as state rather than federal expenditures.
- B. Peter Boulette, Bureau Director, Office of Budgets, Cost Allocation and Grants Management
- C. Corrective actions will be completed by March 31, 2001.

We appreciate the courtesy and professionalism demonstrated by Ms. Marilyn Purvis and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact our internal auditor, Annette Pridgen, at 359-4480.

Sincerely,

Janice Broome Brooks
Executive Director

JBB/ap

* Attachments

*Attachments referred to in this response are available upon request from the Office of the State Auditor.

(This page left blank intentionally.)

FINANCIAL AUDIT FINDINGS

February 14, 2001

Phil Bryant, State Auditor
Office of the State Auditor
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

We appreciate your staff meeting with us on January 25, 2001 to discuss these findings and recommendations with us so that we can improve our service to the State. Following are our responses and planned corrective actions for the reportable conditions.

AUDIT FINDINGS:

00- 34 ITS Should Obtain Back-up Power Source

Response: We agree.

Corrective Action Plan:

- (A) In 1999, the state legislature authorized funds through bond sales to renovate the State Data Center. The process to do the renovation is now underway. The project is a Department of Finance and Administration, Bureau of Building, Grounds, and Real Property Management project (project # 354-041). Installing an alternate power source is the number one priority of the renovation project. Plans call for the installation of a UPS system and a diesel generator. The combination should provide the power necessary to run the Data Center should a MP&L power interruption occur.
- (B) Terry Bergin is the ITS contact for the renovation project. William F. Campbell is the staff architect at DFA, Bureau of Buildings and Grounds responsible for renovation project. Cooke Douglas Farr Lemons/LTD has been awarded the contract to complete the design documents for the renovation. CDFL's engineer assigned to the project is Alfred Luckett.
- (C) Construction documents from CDFL will be complete on February 16, 2001. DFA, Bureau of Buildings will bid out the actual construction. ITS is expecting electrical work to be completed in the May-June 2001 timeframe.

00- 35 *ITS Should Implement Employee Termination Procedures*

Response: We agree.

Corrective Action Plan:

- (A) ITS staff members have completed a project to define employee termination procedures. ITS management staff will adopt these or similar procedures.
- (B) Michele Blocker will coordinate the implementation of these procedures that will be assigned to each division responsible for the specific types of access.

An interim process will be in place on March 1, 2001. Procedures will be in place July 1, 2001.

If we can further answer any questions, please let me know either by phone (359-1395), e-mail at litchliter@its.state.ms.us, or by mail at the above address. We look forward to addressing these issues promptly.

Sincerely,



David L. Litchliter
Executive Director

cc: ITS Board Members and Advisors

Terry Bergin
Gail Litchliter
Harold Rule
Steve Phelps
Mary Robinson



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID

RICA LEWIS-PAYTON
EXECUTIVE DIRECTOR

SINGLE AUDIT (CONTROLS) FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

February 7, 2001

Dear Mr. Bryant:

Your letter of January 24, 2001, presented the results of an audit of the selected accounts included on the financial statements of the Office of the Governor - Division of Medicaid for Fiscal Year 2000. Additionally, it included the results of an audit of federal financial assistance. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

AUDIT FINDINGS:

CFDA

Number Reportable Conditions/Immaterial Noncompliance

Finding and Recommendation

93-778 Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

Questioned Costs: \$914,760

00-5 Controls Should Be Strengthened to Ensure Inpatient Hospital Rates are Computed Accurately

Response: We do concur with the audit findings in regards to the following:

- 1) One instance in which "Neuro ICU" figures were incorrectly added to "Nursery"

- 2) One instance in which "Newborn Days" were carried forward incorrectly to the rate setting data sheet.

Corrective Action Plan:

The two cost reports that are in question were reviewed and the rates for October 1, 1999 through September 30, 2000 have been amended.

We do not concur with the audit findings in regards to the following:

- 1) The wage factor used in calculating the per diem rates was not calculated correctly. This affected six hospital rates.

Corrective Action Plan:

The wage factor used in calculating the per diem rates was calculated in the same manner as previous years. The Division of Medicaid has been consistent in using this method of calculating the wage factor that was approved by the State Auditors for the past five years. We have submitted a State Plan Amendment that demonstrates the methodology we have been using, which we believe to be a more accurate computation than what was previously in the State Plan. The plan amendment has received approval from HCFA.

93.778 Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

Questioned Costs: \$112,258

00-6 Controls Should Be Strengthened to Ensure Reimbursement of Physician Emergency Room Claims Follow the State Plan

Response: We concur with the auditor's findings.

Corrective Action: The Division of Medicaid has made the modifications to the MMIS that will deduct the proper amount of co-payment from physician emergency room visits. The State Plan is being amended to co-insure with these changes.

93.778 Medical Assistance Program

00-7 Controls should be Strengthened to Ensure Long-Term Care Facility Rates are Calculated in Accordance with the State Plan

Response: We concur that the two state-owned long-term care facilities received rates that were not based on historical actual allowable costs as required by the Mississippi Medicaid State Plan. We do not agree that the noncompliance resulted in overpayments to the facilities of \$3,609,388. The reason we do not agree is the State Plan also requires the Division of Medicaid to adjust the rates to the actual allowable cost for the rate period. The rates reported on the cost report for the fiscal year 2000 equal or exceed the amount paid. Therefore, the amounts paid to the facilities were due to the facilities once the cost reports were filed.

Corrective Action Plan: State Plan Amendment Transmittal number 2000-11 has been submitted to HCFA for approval. The amendment will allow state long-term care facilities to request an adjustment to their rate based on changes in their costs.

Response: We concur that the trend factor calculation contained an error which resulted in an underpayment to some of the long-term care facilities.

Corrective Action Plan: The trend factor was corrected and rates were adjusted. Rates were issued to providers and claims were adjusted as necessary to correct payments.

93.778 Medical Assistance Program
Federal Award Number and Year: 050005MS5028, 2001

00-8 Controls Should Be Strengthened to Ensure Reimbursement of Pharmacy Claims
Follow the State Plan

Response: We concur with the audit findings.

Corrective Action Plan: . A request for correction was submitted to DOM's fiscal agent EDS on November 1, 2000 and the correction to the system was completed on December 1, 2000. DOM staff have monitored pharmacy claim payments since that date and all claims are paying now in compliance with the State Plan on file with HCFA.

93.778 Medical Assistance Program

Federal Award Number and Year: 050005MS5028, 2000

00-9 Controls Should Be Strengthened to Ensure Audits of Long-Term Care Facility Cost
Reports are Performed in Accordance with the State Plan.

Response: We concur that the audits should be completed in accordance with the State Plan. We have developed and implemented the following plan to ensure that we comply with the requirements of the State Plan.

Corrective Action Plan:

- Steps:
1. The Bureau of Compliance and Financial Review developed a plan to increase the staff resources needed to accomplish the cost report field audits timely and to "catch up" on the audits which were overdue. Audit staff positions within the Bureau have increased from two to nine positions, six of which have been filled. The Bureau also completed 53 audits for cost report year 1997. Three remain to be done for this period.
 2. The Bureau has developed a schedule for the audits of the cost reports for FY 1998 to be completed. We will be working with area CPA firms which will begin their work on these audits in April 2001.

3. Audits for the FY 1999 cost reports will be scheduled when the desk reviews of these cost reports have been completed. We anticipate completion of these audits by December 31, 2001.

4. EDS continues to work on the audits for the FY 1996 cost reports. The Bureau of Reimbursement is working with EDS to ensure that these cost report audits are completed.

Anticipated Completion Date: December 31, 2001

OTHER AUDIT FINDINGS:

INTERNAL CONTROL- IMMATERIAL WEAKNESS

Finding and Recommendation

Controls Over Matching Requirements Should Be Strengthened

Response: We agree but would note that the impact of this oversight is immaterial in dollar amounts. A review of the oversight revealed an internal lack of communication that has resulted in invoices being generated outside of the financial area, although payment for the invoiced services was processed by the financial area without sufficient itemization of services to properly code the payment.

Corrective Action: The Division is establishing procedures whereby the information necessary for the correct application of payments will be available. Further, efforts will be made to examine earlier similar payments to determine whether additional adjustments may be appropriate.

Please call Bob Pilgrim at 359-6062 if you have any questions relative to our responses and corrective action plans.

Sincerely,



Rica Lewis-Payton

RLP/BP/rcc

(This page left blank intentionally.)

DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.
Executive Director
Robert E. Lee Building, Suite 1101
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288 • FAX 359-6295
TDD Phone (601) 359-6230

February 7, 2001

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of February 7, 2001, transmitting your "Single Audit Management Report" for the Mississippi Department of Mental Health - Central Office.

AUDIT FINDINGS:

00-32 **CFDA Number 93.959** Block Grant for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 99B1MSSAPT 1999

CASH MANAGEMENT

Controls Should Be Established to Ensure Compliance with the Treasury-State Agreement

Your audit revealed that the Department of Mental Health failed to request federal funds for the Block Grant for Prevention and Treatment of Substance Abuse program in accordance with the Treasury-State Agreement and that documentation was not maintained for several draws of federal funds to support the amount of federal funds requested.

Response: We agree with this finding. There were several instances in which funds were not drawn in accordance with the Treasury-State Agreement. Some of these instances were due to the absence of the person who normally makes the draws of cash. Other instances occurred during the beginning of state fiscal year 2000 when the agency was becoming an on-line SAAS agency. New policies and procedures for dealing with the draws as an on-line agency had not been formalized at this point and staff were not knowledgeable of the new SAAS printouts or accustomed to determining which SAAS printouts contained the information necessary to make the required draws. Documentation was not maintained for several draws of federal funds due to the fact that during a hectic implementation of the grants management module of SAAS, the agency made an error in making duplicate draws for expenses which we did not detect until a later time when we were able to reconcile the accounts. The draws of SAPT funds were discontinued until expenses were incurred to deplete the excess overdraws.

Corrective Action Plan: New policies and procedures are being formulated to ensure that the Department of Mental Health is in full compliance with the provisions of the Treasury-State Agreement dealing with cash management for the SAPT Block Grant. Additional staff will also be trained in the requirements and procedures necessary to ensure that the agency remains in compliance and that funds are drawn in accordance with the Treasury-State Agreement.

00-33

CFDA Number 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 99B1MSSAPT 1999

Matching, Level of Effort, Earmarking

Controls over Earmarking Level of Effort Requirements for HIV Services Should Be Strengthened

Response: We agree with this finding. This is a repeat finding, and is due to the timing of the prior year audit and the sub-grant awards from the 1999 SAPT Funds. The sub-grant awards from the 1999 federal funds had already been made at the time of the prior audit finding.

Corrective Action Plan: Corrective action has already been taken as a result of the prior year audit. Effective with the grant awards cycle that began April 1, 2000, which awarded Federal SAPT funds awarded for the year that began October 1, 1999 and ended September 30, 2000 (with ability to expend until September 30,

Mr. Phil Bryant, State Auditor
February 7, 2001

Page 3

2001, assuming funds are allocated no later than September 30, 2000), \$659,173 (representing 5% of the total block grant award of \$13,183,451) has been specifically allocated among the fifteen (15) regional community mental health centers and one (1) private non-profit entity for HIV services. Funds drawn for these services are specifically identified in the grant award document and accounted for separately as they are drawn by each sub-recipient

We appreciate the courteous and professional manner in which your staff conducted this audit and we appreciate their assistance. They represent your agency well.

Sincerely yours,

A handwritten signature in black ink, reading "Albert Randel Hendrix, Ph.D." in a cursive style.

Albert Randel Hendrix, Ph.D.
Executive Director

(This page left blank intentionally.)



STATE OF MISSISSIPPI
MILITARY DEPARTMENT



THE ADJUTANT GENERAL'S OFFICE
POST OFFICE BOX 5027
JACKSON, MISSISSIPPI 39296-5027

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

January 25, 2001

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown our staff by your audit staff during both the financial and federal compliance audits recently conducted. We had the exit conference and received the Single Audit Management Report and the following details our response to the Single Audit Findings:

AUDIT FINDINGS:

CFDA/Finding Number

Finding Heading

12.401-National Guard Military Operations and Maintenance (O&M) Projects
Federal Award Number and Year:
DAHA22-00-2-1000

00-16

Suspension and Debarment Clause Should
Be Included as a State Contract Provision

Response: We agree with this recommendation.

Corrective Action Plan:

- A. This agency will include this clause as a provision in all future state contracts.
- B. The contracting division of this agency is responsible for ensuring the inclusion of this clause in all future state contracts.
- C. The inclusion of this clause is effective immediately.

We will address the other findings in a separate letter. Should you have any questions or need additional information, contact our Director of State Resources, Woodrow Lyon at 313-6243.

Sincerely,

James H. Lipscomb III
Major General, Mississippi National Guard
The Adjutant General

(This page left blank intentionally.)



STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
JAMES C. BURNS, JR.
EXECUTIVE DIRECTOR

SINGLE AUDIT FINDING

February 7, 2001

Mr. Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of January 24, 2001 concerning the Single Audit Findings for the Mississippi Development Authority (MDA). We are pleased that you noted no matters involving the internal control over compliance that you considered to be material weaknesses. Our response to the one material noncompliance cited in your letter applicable to the HOME Investment Partnership Program is stated below:

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

Type of Compliance Requirement

Special Tests and Provisions

00- 4. Audit Finding Heading

On-site Inspections Should be performed in Accordance with Federal Regulations

Response

The MDA concurs with this finding.

Corrective Action Plan

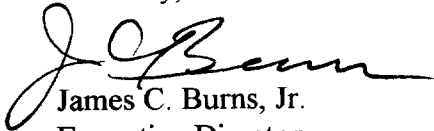
While MDA staff have made progress in the on-site inspections of rental housing since the last audit, a staff shortage has delayed our conducting all of the inspections that were due. These on-site inspections must be conducted in addition to the normal monitoring the two monitoring staff are required to conduct. All rental projects must be inspected for the entire affordability period (20 to 40 years). Since 1992 the volume of projects funded has continued to escalate with limited

Mr. Phil Bryant
February 7, 2001
Page 2

staff expected to handle the monitoring and inspections. We now have sufficient HOME administrative funds available to add monitoring staff to address the backlog of inspections. We will continue to conduct on-site inspections to ensure compliance with the federal regulations, and with additional staff we will be able to conduct timely inspections to maintain property and income standards.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Lynda Dutton at 359-2917.

Sincerely,



James C. Burns, Jr.
Executive Director

cc Lynda Dutton
Mike Larsen



State of Mississippi
DEPARTMENT OF REHABILITATION SERVICES

SINGLE AUDIT FINDINGS

February 8, 2001

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The Mississippi Department of Rehabilitation Services is pleased to respond to the following compliance findings resulting from the single audit performed by your Office for State Fiscal Year 2000.

AUDIT FINDINGS:

CFDA Number 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States

SPECIAL TESTS and PROVISIONS, *Reportable Condition*

00-31 Internal Controls Over Comparable Services and Benefits Should Be Strengthened

Response:

The Mississippi Department of Rehabilitation Services will strengthen internal controls over the Comparable Services and Benefits

Corrective Action Plan:


The Agency will employ the following means in order to strengthen controls in this area:

1. A memo from the Director of the Office of Vocational Rehabilitation will be sent to all staff reinforcing present requirements for casework standards for documentation in this area.

2. A review of all active cases will be conducted to assess total compliances and place emphasis on this area.
3. District Managers and Regional Managers will conduct training with their staff to emphasize the importance of this documentation.

Should you have any questions regarding the Response or Corrective Action Plan, please feel free to contact Mr. Gary Neely, Director of the Office of Vocational Rehabilitation at 853-5230.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. S. McMillan".

H. S. McMillan
Executive Director

Pc: Gary Neely, David Varner

**OFFICE OF
STATE AID ROAD CONSTRUCTION**
MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

Floyd A. Kirk
State Aid Engineer
Telephone 359-7150

401 North West Street
Jackson, Mississippi 39201
FAX 359-7141

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956

November 16, 2000

Dear Mr. Bryant:

In regard to the audit of our financial records for the year ended June 30, 2000, we are hereby submitting this response along with a plan of corrective action. Please advise us if additional information regarding this matter is needed.

AUDIT FINDINGS:

CFDA 20.205 Highway Planning and Construction

Real Property Acquisition and Relocation Assistance

00- 1 Internal Controls over the Review of Real Property Acquisitions Should be Strengthened

The Office of State Aid Road Construction concurs with the finding as well as the recommendation. Our concurrence is based on an effort to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act as well as the Standard Operating Procedures for our agency.

Corrective Action Plan:

Prior to seeking authorization from Federal Highway Administration, a review of the project file will be made to ensure proper documentation has been received. The county will be notified that until such documentation is received, no further action will be taken by State Aid to seek funding for the project. A notification is being sent to all County Supervisors, Board Attorneys, and County Engineers informing them of the actions that must take place before a project can be authorized.

Paul Rigby will be the person responsible for ensuring that all counties furnish documents that

are in compliance with federal regulations.

The corrective plan of action was implemented on 3/1/00.

CFDA20.205 Highway Planning and Construction

Special Tests and Provisions

00- 2 Internal Controls over Sampling and Testing of Materials Should Be Strengthened

The Office of State Aid Road Construction concurs with the finding as well as the recommendation. Our concurrence is based on an effort to comply with the Standard Operating Procedures for our agency.

Corrective Action Plan:

The State Aid District Engineers are being notified that all projects should be closely monitored to ensure that all required tests are performed. A notification is being sent to all County Engineers to remind them that they are responsible for performing tests as required by the State Aid Standard Operating Procedures.

The State Aid District Engineers will be responsible for ensuring that copies of all required tests are submitted for projects in their districts. The file clerks will be responsible for filing the reports in each project folder.

The corrective plan of action will be implemented on 1/2/01.

Sincerely,

A handwritten signature in black ink, appearing to read "Floyd A. Kirk", written in a cursive style.

Floyd Kirk
State Aid Engineer

Zack Stewart
Northern District Commissioner

Dick Hall
Central District Commissioner

Wayne H. Brown
Southern District Commissioner



W. Hugh Long
Executive Director

James H. Kopf
Deputy Executive Director/
Chief Engineer

Mississippi Department of Transportation / P.O. Box 1850 / Jackson, Mississippi 39215-1850 / Telephone (601) 359-7001 / FAX (601) 359-7110

SINGLE AUDIT FINDINGS

February 14, 2001

Mr. Phil Bryant, State Auditor
State of Mississippi
501 North West Street, Suite 801
Jackson, Mississippi 39201

Dear Mr. Bryant:

We have reviewed the Mississippi Department of Transportation's *Single Audit Management Report* for the fiscal year ended June 30, 2000. We were pleased to note that once again your staff noted no material weaknesses in MDOT's financial system or internal control structure, but rather expressed findings and recommendations to encourage us to further strengthen and improve the Department's financial management activities.

Our responses to your findings and recommendations are provided below in the format prescribed by the Office of the State Auditor:

20.205-Highway Planning and Construction

00- 10 Internal Controls over Subrecipient Monitoring Should Be Strengthened

Response:

The Internal Audit Division (IAD) of MDOT concurs with the finding that **one** subrecipient audit report was not received in a timely manner. After IAD had reviewed the other ten audit reports within the required time frame, we noted the submission deadline was a few months away for the city referenced in the finding. Therefore, the city audit file was put aside until the receipt of the report. IAD continued forward on other audit projects and time slipped away. Once IAD realized the audit report was never received, IAD took immediate action to obtain a copy of their audit report. IAD made inquiries of the city's personnel of why a report was never received by MDOT. We were told that the city's Department of Administration was responsible for the annual audit of the city. MDOT's request for the audit report was sent to the City Clerk's office and our request was never forwarded to the responsible department. The personnel in the Department of Administration took immediate action and forwarded the requested report to MDOT. IAD has since reviewed the city's audit report and found the city to be in compliance with the audit requirements of OMB Circular A-133.

Mr. Phil Bryant, State Auditor

Page 2

February 14, 2001

In addition, IAD concurs with the finding that the contract agreements with its subrecipients referenced do not contain language for the requirement to comply with the audit requirements of OMB Circular A-133. Since OMB Circular A-133 became effective, MDOT has not considered updating its contract agreements with subrecipients to reflect the new audit requirements.

Corrective Action Plan:

To prevent future occurrence of failure to receive subrecipient audit reports in a timely manner, IAD has implemented a monitoring procedure as following. Each year after the subrecipients' fiscal year end, IAD will obtain information from MDOT's financial records to determine which subrecipients have met the audit threshold set forth in OMB Circular A-133. From the information reviewed, a listing of the subrecipients that fall within the audit threshold will be created. IAD will maintain this listing during the review process to ensure timely receipt of all audit reports and also the timely manner in which IAD has reviewed the audit reports.

IAD will work with the appropriate MDOT divisions to ensure that MDOT will incorporate contract language in its agreements that stipulates the following. If the subrecipient expends \$300,000 or more in federal funds during its fiscal year, the subrecipient must meet the audit requirements of OMB Circular A-133. If an audit is required, the audit report must be submitted to MDOT within the earlier of 30 days after receipt of the CPA's audit report or nine months after the end of the audit period.

20.205 Highway Planning and Construction

00- 11 Internal Controls over Independent Assurance Sampling and Testing Should Be Strengthened

Response:

Mississippi Department of Transportation (MDOT) Standard Operation Procedure (SOP) Number TMD-06-01-00-000, Independent Assurance Sampling and Testing, was revised in May, 1996 in response to a previous audit where the recommendation was for the Materials Division to strengthen internal controls over Independent Assurance Sampling and Testing. Particularly, the addition of paragraph five on page 3 of 5 of said SOP was made. This paragraph created two new forms (TMD-890 and TMD-891) and assigned the responsibility for completion and certification of split sample comparisons to the District Materials Engineer. Further, the District Materials Engineer is required to maintain a file for such comparisons. MDOT does not agree with the statement contained in the last sentence of the first paragraph on page six of the audit report, "They are to be reviewed and followed up on by the State Materials Engineer, if deemed necessary", as it is not contained in the SOP, nor was that the intent. The State Materials Engineer establishes policy for carrying out the requirements of the Federal Register. Responsibility for comparisons, taking appropriate actions for non-favorable comparisons, maintaining file records of the comparisons, etc. was assigned to and rests solely with the District Materials Engineer. Copies are to be furnished to the State Materials Engineer in order that documents would be located in one location for convenience and time for auditors in making

Mr. Phil Bryant, State Auditor
Page 3
February 14, 2001

future audits. Whether the stated forms are in the Central Laboratory's files serves little useful purpose as far as the operation of the Independent Assurance Program. The fact that they could not be found in the Materials Division's files does not necessarily mean they do not exist. However, Materials Division is in the process of complying with the findings and recommendations of this audit.

NOTE: Since the exit conference held on January 24, 2001, all missing TMD-890s have been sent to the State Materials Engineer from the appropriate District Materials Engineer.

Corrective Action Plan:

Existing Standard Operating Procedures over the Independent Assurance Program are in place and are more than adequate for assurance of compliance with the Code of Federal Regulations (23 CFR 637.205). No additional written procedures or revisions to existing procedures will serve any useful purpose.

However, beginning February 1, 2001, the following statement has been added to the bottom of form TMD-444, List of Non-favorable Comparisons of Independent Assurance Samples With Job Control Samples: "Verification and Acceptance of the TMD-891 and TMD-890's by I.A.S. Chief: _____." This added statement is now being used for all project closings that have Independent Assurance samples assigned. The Chief of the Independent Assurance Sample Section has been given the responsibility to ensure that all samples tested by split sample have a TMD-890 prepared, that they are in the Materials Division's file for the particular project, and that they are reviewed and signed by the designated person.

20.205 Highway Planning and Construction

00- 12 Independent Assurance Samples and Tests Should Be Performed in Accordance with Guidelines

Response:

MDOT agrees that the number of independent assurance samples assigned in accordance with SOP TMD 06-02-00-000 should be obtained and any significant deviation in the number of samples obtained from that assigned should be documented with explanation. MDOT does not feel that in the instant of this finding the audit fieldwork was conducted as a true "test basis." The auditors took an in-house form to select six (6) projects. This in-house form is used for internal assessment of work accomplished to determine if the requirements meet those set out in the Standard Operating Procedures. The six (6) projects selected were those which were shown **not** to meet a 92% compliance (the 92% being an arbitrary value set by the Federal Highway Administration) for the approximate frequency specified in SOP No. TMD-06-02-00-000. Of those six (6) projects, half had low sample requirements with the assigned Independent Assurance Sampler missing 3 of 21 (86% compliance), 6 of 41 (85% compliance), and 2 of 20

Mr. Phil Bryant, State Auditor
Page 4
February 14, 2001

(90% compliance) samples. During the fiscal year audited, there were a total of 52 projects (exempt and non-exempt) closed which had independent assurance samples assigned. Of the 5,112 samples assigned (including 499 samples for the six projects audited), the Independent Assurance Samplers obtained 4,688 samples or 92%.

Corrective Action Plan:

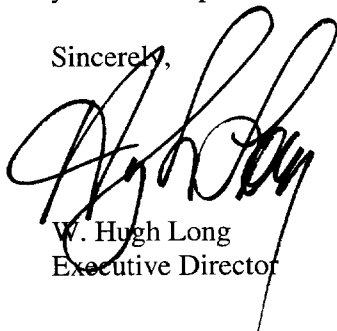
Materials Division management will strengthen emphasis on obtaining the number of Independent Assurance samples assigned in accordance with SOP TMD 06-02-00-000 with each individual Independent Assurance Sampler.

MDOT top management will reinforce with the Districts and Projects Staff the importance of compliance with established frequencies.

Each Independent Assurance Sampler will document any and all significant variations in the number of samples and tests that are performed as compared to the number assigned. Such documentation will be provided to the Independent Assurance Section Chief who will in turn provide a written report to the State Materials Engineer, with a copy to the respective project file, documenting such variations and action taken.

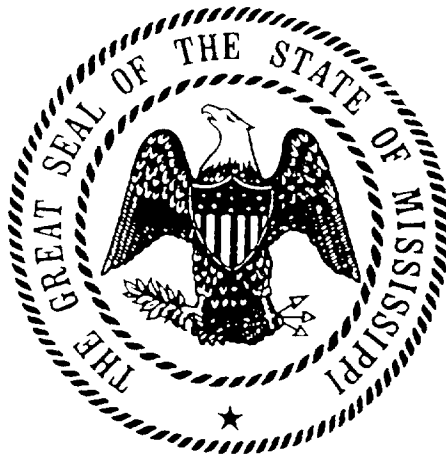
The Mississippi Department of Transportation appreciates the professionalism exhibited by the Officer of the State Auditor staff during this engagement. If we can be of further assistance to you with respect to these responses, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Hugh Long', is written over the typed name and title.

W. Hugh Long
Executive Director

IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2000**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 53-57
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: Page 59
5. U.S. Department of Housing and Urban Development: Page 61
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: None
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: Pages 63-69
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. Tennessee Valley Authority: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. Federal Emergency Management Agency: None
18. U.S. Department of Education: Page 71
19. National Archives and Records Administration: None
20. U.S. Department of Health and Human Services: Pages 73-96
21. Corporation for National and Community Service: None
22. Social Security Administration: None

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2000**

1. Agribusiness Council: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Page 53
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Health: Page 56
16. Human Services: Page 73
17. Information Technology Services: Page 49
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 90
21. Mental Health: Page 95
22. Military Department: Page 59
23. Mississippi Development Authority*: Page 61
24. Narcotics: None
25. Oil and Gas Board: None
26. Plant Industry: None
27. Public Safety: None
28. Public Service Commission: None
29. Rehabilitation Services: Page 71
30. Supreme Court: None
31. Transportation: Page 63
32. Treasury: None
33. Veterans Affairs Board: None
34. Wildlife, Fisheries and Parks: None

***Mississippi Development Authority was formerly Mississippi Department of Economic and Community Development.**

Note: If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 2000**

| <u>FINDING NUMBER</u> | <u>PAGE NUMBER</u> | <u>STATE GRANTEE AGENCY NAME</u> |
|----------------------------------|-------------------------------|---|
| 00-01 | 63 | Transportation |
| 00-02 | 66 | Transportation |
| 00-03 | 56 | Health |
| 00-04 | 61 | Mississippi Development Authority* |
| 00-05 | 90 | Medicaid |
| 00-06 | 91 | Medicaid |
| 00-07 | 92 | Medicaid |
| 00-08 | 93 | Medicaid |
| 00-09 | 94 | Medicaid |
| 00-10 | 65 | Transportation |
| 00-11 | 67 | Transportation |
| 00-12 | 68 | Transportation |
| 00-13 | 53 | Education |
| 00-14 | 54 | Education |
| 00-15 | 55 | Education |
| 00-16 | 59 | Military |
| 00-17 | 73 | Human Services |
| 00-18 | 74 | Human Services |
| 00-19 | 76 | Human Services |
| 00-20 | 77 | Human Services |
| 00-21 | 80 | Human Services |
| 00-22 | 81 | Human Services |
| 00-23 | 82 | Human Services |
| 00-24 | 83 | Human Services |
| 00-25 | 84 | Human Services |
| 00-26 | 85 | Human Services |
| 00-27 | 86 | Human Services |
| 00-28 | 87 | Human Services |
| 00-29 | 88 | Human Services |
| 00-30 | 79 | Human Services |
| 00-31 | 71 | Rehabilitation Services |
| 00-32 | 95 | Mental Health |
| 00-33 | 96 | Mental Health |
| 00-34 | 49 | Information Technology Services |
| 00-35 | 49 | Information Technology Services |

***Mississippi Development Authority was formerly Mississippi Department of Economic and Community Development.**

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2000**

1. Agribusiness Council: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Page 129
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Health: Page 137
16. Human Services: Page 139
17. Information Technology Services: Page 153
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 155
21. Mental Health: Page 161
22. Military Department: Page 165
23. Mississippi Development Authority*: Page 167
24. Narcotics: None
25. Oil and Gas Board: None
26. Plant Industry: None
27. Public Safety: None
28. Public Service Commission: None
29. Rehabilitation Services: Page 169
30. Supreme Court: None
31. Transportation: Page 171
32. Treasury: None
33. Veterans Affairs Board: None
34. Wildlife, Fisheries and Parks: None

* Mississippi Development Authority was formerly Mississippi Department of Economic and Community Development.

(This page left blank intentionally.)

V. ACKNOWLEDGMENTS



ACKNOWLEDGMENTS

REPORT PREPARED BY:

Phil Bryant, State Auditor
Norman McLeod, CPA, Director, Department of Audit
Ramona Hill, CPA, Director, Financial and Compliance Audit Division
William R. Doss, CPA, Director, Agency Audit Section

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

Managers

Laura Jackson
Annette Pridgen, CPA, CGFM
Rob Robertson

Supervisors

Vicki Alvey
Adam Bunch
Karlanne Coates, CPA
Jason Easley, CPA
Chris Howard
Roy Patrick, CGFM
Marilyn Purvis, CGFM
Sharon Smiley

Field Staff

| | |
|-------------------|----------------------|
| Andrew Alford | Dan Jordan |
| Shane Atkison | Scott Joyner, CISA |
| Tonya Bierman | Susan Kimbrough, CFE |
| Lutrina Bledsoe | Jada Kirk |
| Judy Bounds | Bobbie Meadows |
| Deana Coleman | B. J. Miller |
| Sarita Daniels | Mary Jo Milner |
| Johnnie Davenport | Daphonie Moulder |
| Ife Ekweani | Tal Rhodes |
| Sylvette Ford | M. Diane Sanders |
| Dawn Gibbons | Eleace Sawyers |
| Wendi Goodwin | Richard Shelton |
| Laura Griffin | Mike Sumrall, CISA |
| Kala Jackson | Liza Ward |
| LaRondia Johnson | |

Special thanks to Jacqueline Thomas and Dianne Guinn for their help in processing this report.

(This page left blank intentionally.)